

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached document and you are advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document. In accessing the document you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Joint-Stock Commercial Bank "Agrobank" (the "**Issuer**") or Citigroup Global Markets Limited, ICBC Standard Bank Plc, Mashreqbank psc, MUFG Securities EMEA plc, Société Générale and Standard Chartered Bank (together, the "**Joint Bookrunners**") named herein as a result of such access. The attached document is intended for the addressee only.

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

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

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

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

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

Manufacturer target market (MiFID II product governance and UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels). No European Economic Area (EEA) or

the United Kingdom (UK) PRIIPs key information document has been prepared as the Notes will not be made available to retail investors in the EEA or in the UK.

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

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

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



Agrobank
JOINT-STOCK COMMERCIAL BANK
"AGROBANK"
(incorporated in the Republic of Uzbekistan)

UZ\$700,000,000,000 21.75 per cent. Notes due 2026

Issue Price 100.00 per cent.

Joint-Stock Commercial Bank "Agrobank" (the "**Issuer**"), a bank incorporated under the laws of the Republic of Uzbekistan, is issuing an aggregate principal amount of the UZ\$700,000,000,000 21.75 per cent. Notes due 2026 (the "**Notes**"). The Notes will be constituted by, subject to, and have the benefit of a trust deed to be dated 2 October 2024 (as may be amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and BNY Mellon Corporate Trustee Services Limited as trustee (the "**Trustee**") for the benefit of Noteholders (as defined in the "*Terms and Conditions of the Notes*").

The issue price of the Notes is 100.00 per cent. of their aggregate nominal amount, payable in U.S. Dollars based on an exchange rate for the conversion of Uzbekistan Soum ("**UZS**" or "**soum**") into U.S. Dollars of UZ\$12,754.83 = U.S.\$1.00, which is the Soum / U.S. Dollar daily official (market) foreign exchange rate as at 25 September 2024 (the "**Exchange Rate**"), as reported by the Central Bank of the Republic of Uzbekistan (the "**CBU**") and published on its website (<https://cbu.uz/en>). Interest on the Notes will accrue from 2 October 2024 (the "**Closing Date**") and will be payable semi-annually in arrear on 2 April and 2 October of each year (each an "**Interest Payment Date**"), commencing on 2 April 2025 (the "**Interest Commencement Date**"). As the Notes are denominated in Soum while, interest, principal and other amounts are payable in U.S. Dollars, the effective yield on an investment in Notes in U.S. Dollars will be affected by fluctuations in the exchange rate between the Soum and the U.S. Dollar. Accordingly, the effective interest rate paid on a U.S. Dollar-denominated investment in the Notes may not equal the nominal interest rate stated herein, which is to be applied to the outstanding balance of the principal amount of the Notes stated in Soum, and the total yield, stated in percentage terms, on an investment in the Notes may not be the same when calculated in U.S. Dollars when calculated in Soum.

All amounts of interest, principal and other amounts in respect of the Notes will be calculated by The Bank of New York Mellon, London Branch or any successor thereof in its capacity as calculation agent (the "**Calculation Agent**") for payment in U.S. Dollars by dividing the relevant Soum amounts by the Average Representative Market Rate on the applicable Rate Calculation Date (each as defined in the "*Terms and Conditions of the Notes – Payments*").

The Notes mature on 2 October 2026 (the "**Maturity Date**") but may be redeemed before then at the option of the Issuer in whole but not in part, at their principal amount together with any accrued and unpaid interest, if the Issuer has or will become obliged to pay certain additional amounts as further described under "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption for tax reasons*". If a Change of Control Put Event (as defined in the "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Control*") occurs, the Issuer shall, at the option of a holder of any Note, redeem or purchase such Note on the Change of Control Put Date (as defined in the "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Control*") at 100 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the Change of Control Put Date. See "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Control*".

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

Investing in the Notes involves risks. See "Risk Factors" starting on page 11 for a discussion of certain factors that should be considered in connection with an investment in the Notes.

The Notes are expected to be rated 'BB-' by Fitch Rating Ltd ("**Fitch**") and 'Ba3' by Moody's Investors Service Middle East Limited ("**Moody's**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Fitch is established in the United Kingdom and registered under the Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA, as amended (the "**UK CRA Regulation**"). Moody's is not established in the United Kingdom, but the rating it has given to the Notes is endorsed by Moody's Investors Service Limited, which is established in the United Kingdom and registered under the UK CRA Regulation.

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

The Regulation S Notes will be represented by beneficial interests in an unrestricted global note (the "**Regulation S Global Note**"), in registered form and without interest coupons attached. The Rule 144A Notes will be represented by beneficial interests in a restricted global note (the "**Rule 144A Global Note**" and, together with the Regulation S Global Note, the "**Global Notes**") in registered form, without interest coupons attached. Each Global Note will be deposited with a common depositary for Euroclear Bank SA/NA ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and registered in the name of a nominee of such common depositary on or about the Closing Date.

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

Joint Bookrunners and Joint Lead Managers

Citigroup

ICBC

Mashreqbank psc

MUFG

Société Générale
Corporate & Investment Banking

Standard Chartered
Bank

Joint Green Structuring Banks

Citigroup

MUFG

Green Structuring Advisor

Global Green Growth Institute

Prospectus dated 30 September 2024

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

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

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

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

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

Pursuant to the recommendation in the voluntary process guidelines for issuing green bonds published by the International Capital Markets Association ("**ICMA**") (the "**Green Bond Principles**") that issuers use external

review to confirm their alignment with key features of the Green Bond Principles, at the Bank's request, Sustainable Fitch, a Fitch Solutions Company ("**Sustainable Fitch**") has issued a second party opinion dated 19 September 2024 (the "**Opinion**") in relation to the Bank's Framework, confirming its alignment with the Green Bond Principles ("**GBP**") published in June 2021 (with June 2022 Appendix 1) and administered by the International Capital Market Association ("**ICMA**"), as well as the Green Loan Principles ("**GLP**") published in February 2023 administered by the Loan Market Association ("**LMA**"), the Asia Pacific LMA ("**APLMA**") and the Loan Syndications and Trading Association ("**LSTA**"). The Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in the Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Joint Green Structuring Banks, the Green Structuring Advisor, the Joint Bookrunners, the Agents, the Trustee or any of their respective directors, affiliates, advisers and agents as to the suitability or reliability of the Opinion or any report, assessment, opinion or certification of any third party (whether or not solicited by the Bank) which may be made available in connection with the Framework. As at the date of this Prospectus, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. The Opinion and any other such opinion or certification is not, nor should be deemed to be, a recommendation by the Joint Green Structuring Banks, the Green Structuring Advisor, the Joint Bookrunners, the Agents, the Trustee or any of their respective directors, affiliates, advisers and agents or any other person to buy, sell or hold the Notes and is current only as of the date it is issued. The criteria and/or considerations that formed the basis of the Opinion or any such other opinion or certification may change at any time and the Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Prospectus.

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

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

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

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

In connection with the offering of the Notes, the Joint Bookrunners and any of their affiliates, acting as investors for their own accounts, may purchase Notes and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Notes and other securities of the Issuer or related investments in

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

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

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

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

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

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

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

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

This Prospectus has been approved by the Financial Conduct Authority, as competent authority under the UK Prospectus Regulation. The Financial Conduct Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus. Such approval

should not be considered as an endorsement of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability in investing in the Notes.

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

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

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

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

PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS

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

NOTICE TO THE UNITED KINGDOM INVESTORS

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

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

otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE

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

NOTICE TO PROSPECTIVE U.S. INVESTORS

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission, any State securities commission in the United States or any other regulatory authority in the United States nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to QIBs in reliance on the exemption from registration provided by Rule 144A (see "*Subscription and Sale*"). Prospective purchasers are hereby notified that sellers of any Rule 144A Note may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see "*Transfer Restrictions*".

STABILISATION

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

CERTAIN INFORMATION CONTAINED IN THIS PROSPECTUS

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

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

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

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

The language of the Prospectus is English.

LIMITATIONS ON ENFORCEMENT OF ARBITRAL AWARDS AND JUDGMENTS

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

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

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

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

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

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

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

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

- the statute of limitations for the enforcement of a foreign arbitral award has expired.

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

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

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

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

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

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

This list of important factors is not exhaustive. Additional factors that could cause actual results, performance or achievements to differ materially include those discussed under "*Risk Factors*". When considering forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as at the date on which they are made, and the Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement

contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The Issuer does not make any representation or warranty that the results anticipated by such forward-looking statements will be achieved.

PRESENTATION OF FINANCIAL INFORMATION

Presentation of Financial Information

The Group's financial information set forth herein has, unless otherwise indicated, been extracted, without material adjustment, from the Group's unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2024 (the "**Interim Financial Statements**") and the Group's audited consolidated financial statements for the year ended 31 December 2023 (the "**2023 Financial Statements**") and the Group's audited consolidated financial statements for the year ended 31 December 2022 (the "**2022 Financial Statements**"), and together with the 2023 Financial Statements, the "**Annual Financial Statements**", and, together with the Interim Financial Statements, the "**Financial Statements**", set forth on pages F-2 through F-181 of this Prospectus. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"). The Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**").

The financial information of the Group as at, and for the financial year ended, 31 December 2022 included in this Prospectus has, unless otherwise indicated, been derived or extracted from the 2022 Financial Statements.

The financial information of the Company as at, and for the financial year ended, 31 December 2021 included in this Prospectus has, unless otherwise indicated, been derived or extracted from the comparative information as at, and for the financial year ended, 31 December 2021 included in the 2022 Financial Statements.

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

Independent Auditors

The 2023 Financial Statements included in the Prospectus have been audited by Audit Organization "PricewaterhouseCoopers" LLC ("**PwC**") who has issued an unqualified independent auditor's report on the 2023 Financial Statements appearing herein.

The 2022 Financial Statements included in this Prospectus have been audited by Deloitte & Touche Audit Organization LLC ("**Deloitte**"), who has issued an unqualified independent auditor's report on the 2022 Financial Statements appearing herein. The comparative information as at, and for the financial year ended, 31 December 2022 included in the 2023 Financial Statements have not been audited by Deloitte. Certain line items in the consolidated statement of financial position as at 31 December 2022 and in the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2022 have been reclassified in the 2023 Financial Statements. Such reclassified amounts have therefore been extracted from the comparative information as at 31 December 2022 included in the 2023 Financial Statements and have not been audited by Deloitte. See "*—Changes in Presentation*".

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

Deloitte is included in the Register of audit organisations of the Ministry of Economy and Finance from 8 June 2021.

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

Changes in Presentation

Starting with the 2023 Financial Statements, the Bank revised its presentation of investment securities, separating "Investments in equity securities" measured at fair value through other comprehensive income ("FVOCI") from debt securities measured at amortised cost ("AC"). The Bank's management believes that this new presentation aligns with IFRS Accounting Standards and provides more reliable and relevant information. These changes were applied retrospectively, resulting in revised comparative financial information as at 31 December 2022:

	As originally presented as at 31 December 2022	Reclassification	As revised as at 31 December 2022
Investment securities	906,478	(906,478)	-
Investment in debt securities	-	876,065	876,065
Investment in equity securities	-	30,413	30,413

Please see Note 3 to the 2023 Financial Statements for further details regarding the effect of the changes in presentation on the financial statements for the years ended 31 December 2023 and 2022.

In addition to changes mentioned in Note 3 to the 2023 Financial Statements, the "interest income" in the amount of UZS5,312,885 million presented in the 2022 Financial Statements, has been disaggregated and presented as "interest income calculated using the effective interest method" and "other similar income" in the amounts of UZS5,291,620 million and UZS21,265 million, respectively, in the comparative column of the 2023 Financial Statements.

The "share of result of associates" in the amount of UZS40,487 million included within "other operating income" in the 2022 Financial Statements has been disaggregated and presented separately in the comparative column of the 2023 Financial Statements.

As a result of the aforementioned changes, and for the purposes of this Prospectus, selected financial information as at and for the year ended 31 December 2022, where applicable, are disclosed on a revised presentation basis (consistent with the approach taken in the 2023 Financial Statements, as well as the Interim Financial Statements) and labelled as "revised". However, the Group's financial information as at 31 December 2021 has not been revised to reflect the change in presentation described above and are presented as derived from the comparative information as at 31 December 2021 included in the 2022 Financial Statements. The change in presentation described above results in limited comparability of the Group's financial information as at 31 December 2021 against the financial information as at 30 June 2024, 31 December 2023 and 31 December 2022.

Certain Definitions and Currencies

In this Prospectus, all references to:

- "the Bank" are to Joint-Stock Commercial Bank "Agrobank";
- "CBU" are to the Central Bank of Uzbekistan;
- "CIS" are to the Commonwealth of Independent States and its member states as at the date of this Prospectus, being Russia, Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan and Uzbekistan;
- "EU" are to the European Union;
- "IFIs" are to the international financial institutions;
- "IFRS" are to the IFRS Accounting Standards;
- "the Group" are to the Bank and its consolidated subsidiaries taken as a whole;

- "**Listing Rules**" are to the rules of the Financial Conduct Authority relating to admission of the Notes to the Official List;
- "**UFRD**" are to the Fund for Reconstruction and Development of the Republic of Uzbekistan; and
- "**US**" are to the United States of America.

In this Prospectus, the following currency terms are used:

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

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

Exchange Rate

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

Year	Uzbek soum per U.S.\$1.00			
	High	Low	Average ⁽¹⁾	Period end
2024 (up to and including 30 September 2024)..	12,757.65	12,341.54	12,550.00	12,715.42
2023.....	12,389.97	11,246.81	11,800.24	12,338.77
2022.....	11,571.99	10,800.55	11,045.70	11,225.46
2021.....	10,848.58	10,449.44	10,623.44	10,837.66
2020.....	10,476.92	9,500.54	10,064.73	10,476.92
2019.....	9,537.55	8,336.25	8,837.00	9,507.56

Source: CBU

Note:

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

Rounding

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

Key Performance Indicators

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

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

average balance of interest-bearing liabilities, average balance of non-interest-bearing liabilities, average balance of equity, average balance of equity and non-interest-bearing liabilities, average balance of equity and liabilities, average yield on interest-earning assets, average rate paid on interest-bearing liabilities, ratio of net charge-offs, total weighted average yield, average balance of term deposits, average balance of current/settlement accounts, average balance of total deposits and current/settlement accounts and average rate paid on term deposits. See "*Selected Statistical and Other Information*" for the information on the basis of calculation of the selected statistical information.

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

Translations

The language of this Prospectus is English.

TABLE OF CONTENTS

Overview of the Bank.....	1
Overview of the Offering	7
Risk Factors	11
Use of Proceeds	42
Capitalisation.....	43
Selected Consolidated Financial Information.....	44
Operating and Financial Review	49
Selected Statistical and other Information.....	80
Business.....	86
Risk Management.....	100
Management	109
Principal Shareholders.....	118
Certain Transactions with Related Parties.....	119
The Banking Sector and Banking Regulation in the Republic of Uzbekistan.....	121
Terms and Conditions of the Notes	136
Summary of the Provisions Relating to the Notes When in Global Form.....	160
Transfer Restrictions	165
Taxation.....	166
Subscription and Sale	171
Independent Auditors	174
General Information	175
Index to Financial Statements.....	F-1

OVERVIEW OF THE BANK

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

The Bank was established in 1988 and is a systemically important bank in the Republic of Uzbekistan offering a wide range of banking products, offerings and solutions. According to the CBU, as at 1 August 2024, the Bank was the third largest commercial bank in Uzbekistan by total assets (10.4 per cent. market share) and loan portfolio size (11.8 per cent. market share), second by capital (12.7 per cent. market share), fifth by deposits (6.3 per cent. market share) and 20th by net profit (0.6 per cent. market share). The Bank is a majority state-owned universal financial institution with an increasingly market-focused business model providing a broad spectrum of banking services, including corporate, retail lending, deposits and current accounts, cross-border money transfers, letters of credit, guarantees, foreign exchange operations and other banking products and services.

The Bank operates through its head office in Tashkent and a diversified branch and distribution network which, as at 1 September 2024, included 14 regional offices, 171 branches, 598 self-service 24/7 outlets, 95 banking service centres, 186 exchange points, 217 international money transfer offices, 266 bank cashdesks and 1,468 ATMs supported by an integrated online banking platform and mobile application.

Historically, the Bank operated as one of the principal financing agents of the Government in the implementation of the Government's credit and finance policy in the manufacturing and agricultural sectors through increasing the availability of affordable credit to companies, individual entrepreneurs operating in these and related sub-sectors of the Uzbek economy. The Bank was active in the subsidised lending market funded by the Ministry of Economy and Finance and UFRD and also relied on other forms of state support and funding (including deposits, capital injections and loans – see "*Competitive Strengths – History of Strong Shareholder Support*") and funded some of its operations through financing received from the IFIs.

In 2018, Uzbekistan embarked on a programme of fundamental economic reforms, including changes to the model in which its banking system, and state-owned banks in particular, operate. As part of these reforms, the Bank is transforming its business model to one that is based on the diversification of its funding base (through the increase of the share of customer accounts, syndicated lending and international capital markets) while continuing to rely on the funding provided by the Government as part of implementation of various infrastructure and strategic projects and programmes. Further, the Bank is continuing to diversify the composition of its loan portfolio and client base by increasing the share of higher margin loans to companies operating in the developing sectors of the economy in Uzbekistan, including agricultural, manufacturing and retail and further improve its existing relationships with large corporate clients. The Bank is also in the process of rolling out and implementing a number of innovative banking products, services and e-solutions.

As at 30 June 2024, the Group's total assets comprised UZS74,975,649 million. Total gross loans and advances to customers amounted to UZS66,659,570 million, with gross loans to corporate clients, gross loans to individuals and gross loans to state and municipal organisations accounting for 80.3 per cent., 14.5 per cent. and 5.2 per cent. of total gross loans, respectively. As at 30 June 2024, the Group's total equity constituted UZS11,640,141 million. For the six months ended 30 June 2024, the Group generated net profit of UZS147,275 million. As at 31 December 2023, the Group's total assets comprised UZS66,674,018 million. Total gross loans and advances to customers amounted to UZS59,200,604 million, with gross loans to corporate clients, gross loans to individuals and gross loans to state and municipal organisations accounting for 75.3 per cent., 18.3 per cent. and 6.4 per cent. of total gross loans, respectively. As at 31 December 2023, the Group's total equity constituted UZS11,491,191 million. For the year ended 31 December 2023, the Group generated net profit of UZS233,566 million.

The Bank was incorporated as a joint stock commercial bank in 1995 and is registered in the Republic of Uzbekistan, operating under banking licence No. 78 re-issued by the CBU on 2 August 2024. The registered

office of the Bank is located 2a Zokirov Street, Tashkent 100011, Republic of Uzbekistan. The telephone number of the registered office of the Bank is +998 71 202 88 88. The Bank has the following long-term ratings: 'BB-' with a stable outlook from Fitch and 'Ba3' with a stable outlook from Moody's.

History

The Bank was established on 1 January 1988 utilising the assets of the State Bank of Uzbekistan as an integral part of Agroprombank USSR and operated under the name of Agroprombank UzSSR through 155 branches in the Republic of Uzbekistan. Following the decision of the Government of the Soviet Union, in 1990, on the basis of the USSR Cabinet of Ministers Decree No. 703, it was decided to establish a new Uzbek joint stock commercial bank "Uzagroprombank" as an independent closed joint stock company, spun off from the Soviet Agroprombank system.

In 1993, Uzagroprombank created a joint venture with Ziraat Bank, a Turkish bank in the form of "UT Bank Uzbekistan Turkey" which was the first joint venture between an Uzbek bank and an international banking institution.

In 1994, Uzagroprombank registered the initial issuance of shares in the aggregate amount of UZS100 million with a nominal value of UZS1,000 per share.

Following the decision of the Government, in 1995 Uzagroprombank was wound down and its assets transferred to the newly-created public joint stock commercial bank "Pakhta Bank".

In 1997 and 1998, Pakhta Bank became a member of the SWIFT system and Asia-Pacific Rural and Agricultural Credit Association ("**APRACA**"). In 1999, Pakhta Bank became a full member of the International Confederation of Agricultural Credit ("**CICA**"). In 2000, Pakhta Bank opened its first credit line with the European Bank for Reconstruction and Development followed by credit lines from Eximbank (China).

Between 2002 and 2007, Pakhta Bank was continuously recognised as the Bank of the Year in the Republic of Uzbekistan and in 2007, became the first commercial bank in the Republic of Uzbekistan to receive an international credit rating from Fitch.

In 2009, following the Edict of the President of the Republic of Uzbekistan No. 1084 dated 30 March 2009, Pakhta Bank was reorganised into joint stock commercial bank "Agrobank".

In 2010 and 2013, the Bank opened credit lines with The Islamic Corporation for the Development of the Private Sector ("**ICD**") and Turkish Ziraat Bank, respectively,

Since 2021, the Bank underwent a large-scale rebranding programme which was aimed at reflecting the positive changes of the Bank's service quality and expansion of its product portfolio.

The ordinary shares of the Bank are listed on the Tashkent Stock Exchange under ticker AGBA. As at the date of this Prospectus, 54.1 per cent. of the Bank's share capital is held by the UFRD and 44.7 per cent. – by the Ministry of Economy and Finance. Accordingly, 98.8 per cent. of the share capital of the Bank is directly or indirectly held by the Republic of Uzbekistan and the Bank's free float amounted to approximately 1.2 per cent. See "*Principal Shareholders*" and "*The Banking Sector and Banking Regulation in the Republic of Uzbekistan – Recent and Expected Banking Reforms*".

Competitive Strengths

Throughout its years of operation, the Bank has operated on the basis of a strategy that was aimed at the continuous development of the Bank and maintenance of its competitive position in the banking market of the Republic of Uzbekistan while performing the vital role of the financing conduit for the Government in financing the infrastructural and development projects in the Uzbekistan agricultural and manufacturing sectors.

The Bank's current strategy for 2021-2024, developed in collaboration with KPMG International Limited and with assistance from ADB, focuses on the transformation of the Bank into a modern financial institution offering its customers a wide range of banking products, services and solutions drawing for the best international standards and practices. At the core of the Bank's strategy is a client-centric business model aimed at the further development of client relationships with its existing corporate clients and expansion into new client and industry

sectors. Building on the 2021-2024 strategy, the Bank is finalising its strategy for 2025-2029, developed with the assistance of Ernst & Young, which is expected to be adopted by the end of 2024. The new strategy will focus on financing government programmes, expanding commercial business, enhancing digital banking products and services and integrating ESG principles into the Bank's operations.

The Group's management believes that the Bank benefits from the following competitive strengths:

History of strong shareholder support

The Bank has enjoyed, and continues to enjoy, the benefit of strong financial support from the Government (including the Ministry of Economy and Finance and UFRD) in the form of share capital injections, loans, subordinated loans and customer deposits. This support has allowed the Bank to perform an important role in the financing of the Uzbek agricultural and manufacturing sectors, increase its assets, grow its loan portfolio and generate strong client relationships and market recognition.

In particular, in the year ended 31 December 2023, the Ministry of Economy and Finance and UFRD entered into an agreement converting the debt in the amount of UZS1,866,232 million borrowed from UFRD during 2022-2023 into shares in the Bank, assigning the equity ownership to the Ministry of Economy and Finance. In the year ended 31 December 2021, the Government injected UZS700,000 million in the Bank's share capital and authorised a debt-to-equity swap whereby the Group converted an aggregate of UZS2,946,176 million borrowed from UFRD in 2020 and 2021 into shares in the Bank. See "*Operating and Financial Review – Total Equity*").

Further, although many of the leading Uzbek banks and companies are expected to be privatised as part of the ongoing privatisation reforms, the Bank is expected to remain majority state-owned in order to continue to perform a vital role in the financing of the agricultural and manufacturing sectors in the Republic of Uzbekistan that the Government views as strategically significant. Accordingly, the Group's management believes that the Government will continue its support of the Bank and its activities in the form of capital injections, customer deposits and subsidised financing. See "*Risk Factors–Risks Related to the Group's Business and Industry–The banking sector in Uzbekistan and the Bank are undergoing a transition period*", "*Risk Factors–Risks Related to the Group's Business and Industry–The Bank and some of its customers would be adversely affected if it and they did not continue to receive financial support from the Uzbekistan Government*" and "*Risk Factors–Risks Related to the Group's Strategy–The Bank's strategy is determined by the Uzbekistan Government as its major shareholder. Interests of the Bank's shareholders or management may conflict with those of the Noteholders*".

Leading position in the banking market, high-quality customer base and growing loan portfolio

The Bank is one of the leading banks in the Republic of Uzbekistan by assets, capital, deposits and loan portfolio. According to the CBU, as at 1 August 2024, the Bank was the third largest commercial bank in Uzbekistan by total assets (10.4 per cent. market share) and loan portfolio size (11.8 per cent. market share), second by capital (12.7 per cent. market share), fifth by deposits (6.3 per cent. market share) and 20th by net profit (0.6 per cent. market share).

The Bank's strategy is underpinned by the combination of subsidised lending to strategic sectors under the Government programmes and other form of Government support and lending to customers operating in the agricultural and manufacturing sectors on standard market terms as well as the expansion of the Bank's retail banking operations. While the level of the Group's Non-Performing Loans ("NPLs") as a percentage of total gross loans to customers was 5.3 per cent., 5.3 per cent., 7.2 per cent. and 7.8 per cent. as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively, the majority of the Group's loan portfolio is collateralised by the loan default insurance policies, bank guarantees and mortgages and other forms of security over real estate and property, plant and equipment.

As at 31 December 2023, the Group's gross corporate loan portfolio accounted for 75.3 per cent., and the Group's loans and advances to state and municipal organisations – a further 6.4 per cent., of the Group's gross loan portfolio. The Bank has increased its gross loan portfolio by UZS13,080,118 million from UZS46,120,486 million as at 31 December 2022 to UZS59,200,604 million as at 31 December 2023.

The Bank has established strong relationships with large corporate clients in the agricultural and manufacturing sectors and has developed in-depth knowledge of their business operations and funding requirements. While the

Bank intends to continue developing its relationship with its existing clients, it is also focusing on targeting new corporate clients in the developing sectors of the Uzbek economy and offering them a broad range of banking products and services.

The Group is also continuing to develop its retail offering with its retail loan portfolio growing from UZS5,677,326 million as at 31 December 2021 to UZS8,535,652 million and UZS10,824,847 million as at 31 December 2022 and 2023, respectively (representing 17.1 per cent., 18.5 per cent. and 18.3 per cent. of the Group's gross loan portfolio as at 31 December 2021, 2022 and 2023, respectively).

Expertise in Lending to the Agricultural Sector

Since its incorporation until 2021, the Bank focused on lending to the agricultural sector of the Uzbek economy. This historic focus has enabled the Bank to develop considerable expertise in lending to agricultural producers, agricultural commodity traders, food processing enterprises and other companies that produce goods for, or provide services to, the agricultural sector and understanding of the agricultural business.

The Bank's role as the agent of the Government in financing strategic agricultural projects in Uzbekistan also allowed the Bank to develop a network of relationships with industry leaders, financial institutions and Government agencies and allowed the Bank access to a large customer base providing significant growth potential.

Wide Distribution Network and Broad Range of Banking Products and Services

The Bank operates through its branch and distribution network which, as at 1 September 2024, included 14 regional offices, 171 branches, 598 self-service 24/7 outlets, 95 banking service centres, 186 exchange points, 217 international money transfer offices, 266 bank cashdesks and 1,468 ATMs supported by an integrated online banking platform and mobile application. The Bank's extensive network allows it to reach a broad customer base, including large corporate customers and retail clients. See "*Distribution Network*" below.

The Bank's extensive distribution network provides it with a strong sales platform, which enables it to cross-sell its products and deliver high-quality, convenient and comprehensive services and products, including deposits, loans, settlement services and bank cards.

Robust capital position and sound liquidity

The Group benefits from a robust capital base allowing it to pursue its growth plans. The Group's total capital adequacy ratio was 17.4 per cent., 17.4 per cent., 18.0 per cent. and 22.0 per cent. as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively, with the statutory minimum set at the level of 13.0 per cent. The Group's Tier I capital adequacy ratio was 15.2 per cent., 15.2 per cent., 16.0 per cent. and 20.0 per cent. as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively, with the statutory minimum set at the level of 10.0 per cent. The Group's leverage ratio (calculated as Tier I capital divided by sum of total assets and off-balance sheet assets (obligations to issue loans, letters of credit, guarantees)) amounted to 14.2 per cent., 15.7 per cent., 16.0 per cent. and 20.0 per cent. as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively, with the statutory minimum being 6.0 per cent.

The Group also proactively manages its liquidity position through the combination of short-term (corporate and retail customer deposits, funds raised in the inter-bank market and borrowings from the IFIs) and long term (borrowings from international supranational organisations and IFIs, term corporate deposits and funding from the Government) sources of funding. See "*Operating and Financial Review – Funding*".

Experienced management team with a proven track record

The Bank has an experienced and entrepreneurial management team with an established track record in the financial services industry. The Bank's senior management team has on average over 18 years of professional experience in the financial industry. All members of the Bank's management team have in-depth knowledge of banking operations and management, and through their working experience with the Bank and other Uzbek financial institutions, have gained an in-depth understanding of Uzbekistan's macroeconomic environment, its banking industry and other strategic sectors of the economy.

The Bank's experienced management team has a track record of successfully implementing a number of strategic initiatives, including the transformation of the Bank's credit and risk management system. Under the leadership of its management team, the Bank has improved its operations and increased the size of its loan portfolio and is continuing with the implementation of the Bank's strategy. See "*Strategy*".

Strategy

The Bank's strategic objective is to further strengthen its position as one of the leading commercial banks in Uzbekistan as measured by total assets, loan portfolio and product offering. The Bank intends to expand its business by increasing the share of higher-margin corporate and retail clients in its overall loan portfolio while maintaining prudent policies in respect of management of operational costs and improving its risk management standards, allowing it to manage the expansion of its operations efficiently and without incurring additional risk.

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

Delivering balanced and profitable growth

The Bank is determined to strengthen its position by concentrating on balanced and diversified growth through targeted expansion in certain high growth areas.

In particular, the Bank intends to maintain its role as one of the principal financial agents of the Government in the implementation of the Government's credit and finance policy in the agricultural sector (including financing production of grain and cotton, roll-out of drip irrigation technologies and encouragement and development of family entrepreneurship) through the increase of the availability of the affordable financing to companies and individual entrepreneurs operating in the agricultural sector to allow its continuous development. In performing this role, the Bank will continue to rely on subsidised financing and other means of state support and funding (including deposits, capital injections and loans) allowing the Bank to extend loans to its clients in the agricultural sector. The Bank also intends to continue its support of Government poverty reduction schemes.

At the same time, the Bank endeavours to: (a) increase the share of non-subsidised lending in its overall loan portfolio thus improving the Bank's profitability; (b) expand its geographical coverage to all regions in the Republic of Uzbekistan and become a bank with one of the widest geographical area of coverage; (c) expand the range of products and services by offering its client innovative solutions (including in the business-to-business and business-to-consumer segments of the market) based on best industry standards; and (d) increase the share of the fee and commission income in the Bank's revenues.

Implementation of robust policies for management of growth of operations

The Group's management intends to implement and maintain prudent policies to efficiently manage the expansion of its operations. In particular, the management conducts regular business risks reassessments and continuously adjusts the levels of risk appetite and overall risk management strategies, optimises the market risk management system, strengthens the monitoring of market risk exposure limits.

In addition, the Group plans to strengthen the operational risk management and control, enhance the construction of risk prevention and control systems and focus on IT risk management and business continuity management.

In an effort to improve the efficiency of the Group's operations, the Group's management is in the process of rolling out modern business process automation and information technology solutions.

Development of New Products and Services

As part of the process of development of new banking products and services, the Group undertook a detailed client segmentation analysis to determine the needs and expectations of its existing and prospective clients. Based on the results of this study completed on 1 September 2023, the Group is investing in the development of segment-specific tailored banking products and improvement of its digital sales and remote distribution and service channels.

In particular, the Group has developed the "Agrozamin O' zimizniki" retail e-commerce solution for small farmer entrepreneurs and businesses that provides a platform for the sale of agricultural goods and provision of

agriculture-related services. It has also launched a fleet of the mobile offices allowing access to the Bank's products and services to the population of remote rural areas in Uzbekistan.

The Group is in the process of implementing a number of other projects aimed at expanding its sales channels, including AgroFinance Leasing, a leasing platform for agricultural and manufacturing businesses; Chakana, an e-commerce platform for individual farmers; and Leader Finance, a stock brokerage e-platform.

Attracting and retaining high-quality personnel

The Group's management considers that its ability to attract and retain high-quality management and employees is an important aspect of its overall aim to maintain a leading position in the market. The Group has continued to develop and implement an educational and training programme aimed at improving the professional skills of its entire workforce.

In order to support the expansion of its business, the Group is also investing in improving existing and the launch of new educational and training programmes for its employees and rolling out a KPI-based evaluation system across the Bank's distribution network. See "*–Employees*".

Focus on Environmental, Social and Governance (ESG) Principles

As an active participant in the development of the agricultural and manufacturing sectors in the Republic of Uzbekistan, the Group remains committed to ESG principles and practices.

As part of its ESG strategy, the Group is financing a number of environmental and social projects, including:

- **Agrobooks:** a library dedicated to sustainable agricultural practices, featuring the "100 Books" series on modern techniques in agriculture and the "40 Books" series on plant protection;
- **Agrolab:** a laboratory providing services for soil and water analysis, plant protection, and food product testing to agro-clusters, farmers, exporters and importers. Agrolab consists of five specialised laboratories: (i) Soil, Water, Fertilisers and Leaf Analysis, (ii) Phytopathology and Nematology, (iii) Agricultural Entomology and Herbology, (iv) Food Products Analysis (Toxicology) and (v) Food Microbiology;
- **Agro in Vitro:** a laboratory offering high-quality fruit and grape seedlings produced in international breeding centres, supporting farmers with premium planting materials;
- **Fermerlar Maktabi (School of Farmers):** the first project of its kind in Uzbekistan, this educational facility teaches young farmers modern agricultural technologies and entrepreneurial skills across key areas, including animal husbandry, poultry farming, vegetable cultivation, greenhouse farming, viticulture, horticulture, beekeeping, fish farming, business, finance and legal literacy.
- **Suvchilar Maktabi (School of Irrigators):** A project aimed at educating farmers and irrigators on modern irrigation methods based on international best practices;
- **Agromarkaz:** Regional service centres for homestead landowners, farmers and other agricultural entities, operating on a "one-stop shop" model to provide various agricultural services; and
- **Grant for Water Projects:** An initiative allocating UZS10 billion in grants to scientists for researching water management. Key focus areas include alleviating water shortages, developing innovative salt-washing methods, reducing water loss in irrigation and advancing water-saving technologies tailored to soil-climatic conditions and crop needs.

During 2019-2023, the Bank has financed irrigation projects in the aggregate amount of UZS5,387,700 million (equivalent of U.S.\$510 million).

In May 2023, the Bank, the Ministry of Water Management of the Republic of Uzbekistan and the Tashkent Institute of Irrigation and Agricultural Mechanisation Engineers National Research University commenced a joint project aimed at improving the practices of water users, especially farmers, aimed at achieving high productivity through efficient water use, as well as to transfer knowledge and share skills in the application of innovative water conservation technologies.

OVERVIEW OF THE OFFERING

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

Issuer	Joint-Stock Commercial Bank "Agrobank"
Joint Bookrunners and Joint Lead Managers	Citigroup Global Markets Limited, ICBC Standard Bank Plc, Mashreqbank psc, MUFG Securities EMEA plc, Société Générale and Standard Chartered Bank
Joint Green Structuring Banks	Citigroup Global Markets Limited and MUFG Securities EMEA plc
Green Structuring Advisor	Global Green Growth Institute
Notes Offered	UZS700,000,000,000 aggregate principal amount of 21.75 per cent. Notes due 2026
Trustee	BNY Mellon Corporate Trustee Services Limited
Principal Paying Agent and Calculation Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch
Issue Price	100.00 per cent.
Closing Date	2 October 2024
Maturity Date	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 2 October 2026
Interest Rate	The Notes bear interest at the rate of 21.75 per cent. per annum payable in equal instalments semi-annually in arrear on 2 April and 2 October in each year, commencing on 2 April 2025.
Conversion of Payment Amounts	All amounts of interest, principal and other amounts in respect of the Notes will be calculated by the Calculation Agent for payment in U.S. Dollars by dividing the relevant Soum amounts by the Average Representative Market Rate on the applicable Rate Calculation Date.
Risk Factors	An investment in the Notes involves a high degree of risk. See " <i>Risk Factors</i> ".
Use of Proceeds	The Issuer intends to allocate an amount equivalent to the net proceeds of the Notes to finance or re-finance, in whole or in part, Eligible Green Projects in accordance with the Framework. For more information, see " <i>Use of Proceeds</i> ".
Form	<p>The Notes will be in registered form, without interest coupons attached, in denominations of UZS2,500,000,000 and integral multiples of UZS10,000,000 in excess thereof.</p> <p>The Notes will be issued in the form of a Regulation S Global Note and a Rule 144A Global Note, each in registered form and without interest coupons attached. Each of the Regulation S Global Note and the Rule 144A Global Note will be deposited with the common depository for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of</p>

such common depository. Ownership interests in the Regulation S Global Note and Rule 144A Global Note will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg and their respective participants. Notes in definitive form will be issued only in limited circumstances.

Ranking of the Notes

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

Negative Pledge and Covenants

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

- (a) limitation on the incurrence of security interest;
- (b) requirement for the maintenance of capital adequacy and financial ratios;
- (c) limitation on prepayment of subordinated debt and paying dividends on or redeeming or repurchasing share capital or making other distributions;
- (d) requirement for the provision of certain financial information;
- (e) limitations on engaging in mergers and consolidations;
- (f) limitation on asset sales;
- (g) limitation on engaging in affiliate transactions;
- (h) requirement for the maintenance of authorisations; and
- (i) limitation on change of business.

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

Events of Default

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

Optional Redemption for Taxation Reasons

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

occurring on or after the Issue Date as more fully described in Condition 7(b).

Optional Redemption by the Noteholders upon a Change of Control

If a Change of Control occurs, the holder of each Note will have the option to require the Issuer to redeem that Note on the Change of Control Put Date at 100 per cent. of its principal amount together with interest accrued to (but excluding) Change of Control Put Date, as more fully described in Condition 7(e).

Withholding Tax

All payments in respect of interest and principal on the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If any such taxes, duties, assessments or governmental charges are payable, the Issuer shall (subject to certain exceptions) pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received had no such deduction or withholding been required, as more fully described in Condition 9.

Listing of Notes

Application has been made to the Financial Conduct Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market. The Market is a regulated market for the purposes of UK MiFIR.

Ownership Restrictions

Neither Euroclear nor Clearstream, Luxembourg, will monitor compliance with any transfer or ownership restrictions.

Governing Law and Arbitration

The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with any of them shall be governed by and construed in accordance with English law and contain provisions for arbitration in London, England.

Selling Restrictions

United States, United Kingdom, Uzbekistan, Singapore and any other jurisdiction relevant to the offering of the Notes. See "*Subscription and Sale*".

Ratings

The Notes are expected to be rated 'BB-' by Fitch and 'Ba3' by Moody's. Fitch is established in the United Kingdom and registered under the UK CRA Regulation. Moody's is not established in the United Kingdom, but the rating it has given to the Notes is endorsed by Moody's Investors Service Limited, which is established in the United Kingdom and registered under the UK CRA Regulation.

Credit ratings assigned to the Notes do not necessarily mean that the Notes are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of notes do not necessarily mean the same thing. Credit ratings do not relate to the liquidity of the Notes or consider whether there is a market for the Notes. Any change in the credit rating of the Notes or of the Issuer could adversely affect the price that a subsequent purchaser would be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

Security Identification

Regulation S Notes:

ISIN: XS2903443369

Common Code: 290344336

Rule 144A Notes:

ISIN: XS2906222638

Common Code: 290622263

Legal Entity Identifier

254900JPMU0LFCP18673

RISK FACTORS

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

The risks below have been classified into the following categories:

- (i) Risks Related to the Bank's Business and Industry;*
- (ii) Risks Related to the Bank's Strategy;*
- (iii) Risks Related to the Bank's Legal, Regulatory, Compliance and Governance Framework;*
- (iv) Risks Related to the Republic of Uzbekistan; and*
- (v) Risks Related to the Notes.*

Risks Related to the Bank's Business and Industry

The Group is subject to risks arising from the global macroeconomic environment

The Group's financial position and results of operations are generally influenced by global economic conditions and global geopolitical stability. The banking and financial services industry generally performs better during the periods of economic growth, stable geopolitical situation, liquid and buoyant capital markets and positive investor sentiment. Recession, or geopolitical instability or conflicts, result in lower demand for banking products and greater customer default and insolvency risks. The Group is affected by general economic and geopolitical conditions which can result in its financial position and results of operations to fluctuate from year to year as well as on a longer-term basis.

The combination of factors such as the long-term effects of the SARS-CoV-2 ("**COVID-19**") pandemic and the Russia-Ukraine conflict (see "*The Russia-Ukraine conflict and the sanctions imposed by numerous national and international authorities in response, as well as countermeasures taken by Russia, have had, and will continue to have, an adverse impact on Group's business, financial condition and results of operations*"), and the general structural weaknesses of the global economy continue to significantly impact the global macroeconomic environment and resulted in surges in commodity prices which, in turn, led to elevated inflation levels, erosion of households' spending, squeeze on companies' profits and deterioration of business confidence. For example, according to the State Committee of the Republic of Uzbekistan on Statistics, the year-on-year inflation in Uzbekistan in 2023 reached 8.8 per cent. These conditions increase the credit risk associated with the Bank's lending activity, particularly in the agricultural sector, as borrowers struggle to repay loans amid rising costs and declining business confidence.

Furthermore, global high inflation levels resulted in changes to the monetary policies of major central banks, including the United States Federal Reserve, European Central Bank (the "**ECB**") and Bank of England. In particular, during the period from 2022 to the first half of 2024, the United States Federal Funds Rate rose from 0.25 to 0.50 per cent. to 5.25 to 5.50 per cent., key ECB rates increased from -0.5 to 0.25 per cent. to 3.75 to 4.50 per cent. and the Bank of England's base rate rose from 0.5 per cent. to 5.25 per cent. Global inflation impacts the banking industry by increasing the cost of capital, reducing consumer purchasing power and heightening credit risks, which can lead to tighter lending conditions and higher interest rates. Inflation also

adversely affects the profitability of the Group's agricultural clients, leading to higher default rates and triggering the need for more robust risk management strategies.

Weaker macroeconomic conditions may lead to a decline in net interest margins, credit quality and loan portfolio growth, as well as further corrections in prices of real estate and other assets held as collateral, which, in turn, may lead to increased loan impairment charges.

In addition, global macroeconomic conditions, such as volatility in debt, currency and equity markets globally, may adversely affect the financial institutions around the world. In particular, such volatility may result in the following adverse effects for banks, including the Group:

- increased cost of funding and/or reduced availability of funding;
- deterioration in the value and liquidity of assets (including those held as collateral);
- inability to, or difficulty in, the pricing of certain assets on the Group's balance sheet;
- increased provisioning for bad and doubtful assets;
- increased likelihood of customer and counterparty default and credit losses;
- higher economic exposure related to hedging; and
- overall lower growth, business revenues and earnings.

If any of the events occurs, they could have a material adverse effect on the Group's business, financial condition, results of operations and prospects as well as the ability of the Group to perform its obligations under the Notes.

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

Historically, the banking market in Uzbekistan has been dominated by state-owned financial institutions with individual financial institutions focusing on servicing particular sectors of the Uzbek economy. The Bank was focused on, and operated as a financial conduit in lending to, the companies operating in the agricultural and manufacturing sectors. Further, in its lending operations, the Bank relied on subsidised funding provided by the Government in the form of loans, deposits and equity injections.

Since early 2017, the Government has introduced a number of initiatives aimed at the liberalisation of Uzbekistan economy and encouraging growth and inflow of foreign investment. These reforms include currency and trade liberalisation, reforms of the tax and state budget processes, the restructuring and privatisation of state-owned entities (including state-owned banks) and the reform of the agriculture and finance sectors.

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

Accordingly, on the funding side, the Bank intends to gradually decrease its reliance on state funding and increase the share of other sources of funding, such as syndicated loans from foreign financial institutions and international capital markets, including eurobonds issuances. Furthermore, the Bank is taking steps to diversify its loan portfolio and client base to increase the share of higher-margin loans attributable to developing sectors of Uzbekistan economy, such as agriculture, retail, foreign trade, construction, extraction and processing of fuel and energy resources, as well as further develop its long-standing relationships with large corporate clients in the manufacturing, transport and communication, commerce and other sectors on more commercial and market oriented terms.

The Presidential Edict No. PP-168 "On Additional Measures to Further Reduce State Participation in the Economy and Accelerate Privatisation" published on 18 March 2022 established a programme of privatisation of leading Uzbek banks and companies. Accordingly, it is expected in the near- to medium- term, that a number of the Bank's existing corporate clients would be privatised which would, in turn, reduce their reliance on state-backed funding and require them to attract financing on market terms. There can be no assurance that following

the adoption of a market-based pricing policy and reduction of state support, long-term corporate clients of the Bank, who previously benefitted from Government subsidised financing provided in respect of their borrowings but are unlikely to do so going forward, will retain their current credit profile. Furthermore, there can be no assurance that, following such clients' privatisation, their credit profiles will not be negatively affected, or they would not secure financing from, or place their deposits with, the Bank's competitors who may offer better terms on their respective banking products. See "*The Bank operates in a competitive industry*" below.

As the Bank is expanding its client base outside of agricultural and manufacturing sectors, the Bank is exposed to an additional degree of operational and credit risk since the Bank may not have sufficient expertise, procedures and resources to adequately evaluate and assess creditworthiness of new types of customers, including retail customers and customers operating in new sectors. That, in turn, can have adverse impact on the overall asset quality of the Bank, leading to a potential deterioration of its financial position and results of operations, including an increase in the impairment levels and/or exceeding internal limits on NPL levels. See "*Risks Related to the Group's Strategy – The Bank may not be able to successfully implement its strategy to grow its business, and may be subject to risks relating to its business expansion*" and "*The Bank may not be able to accurately assess the credit risk of potential and current borrowers or maintain the quality of its loan portfolio*" below.

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

The Bank and some of its customers would be adversely affected if they cease to receive financial support from the Government

In terms of both funding and income, the Bank and some of its main state-owned corporate clients have historically been reliant on the Government. Although the Bank is endeavouring to diversify its funding sources, it has, in the past, and continues, to depend on the Government for capital contributions and funding. The Government has been and remains a very significant source of the Bank's funding as well as the ultimate controlling entity in respect of major clients of the Bank, such as JSC "Uzagrolleasing".

In the six months ended 30 June 2024, the Bank has not received any financial support in the form of capital from the Government. In the year ended 31 December 2023, there was a debt-to-equity swap whereby the Group converted the amounts borrowed from UFRD in 2022-2023 in the aggregate amount of UZS1,866,232 million into shares in the Bank which were then assigned to the Ministry of Economy and Finance, and the Bank attracted funds from the Ministry of Economy and Finance in the amount of UZS350,000 million. In the year ended 31 December 2022, except for the customer deposits and shareholder loans (see – "*Operating and Financial Review – Financial Position – Shareholder loans and capital injections*"), the Bank did not receive any new funding from the Government and UFRD. In the year ended 31 December 2021, the relevant funding amounted to UZS3,646,176 million.

The Bank's management believes that the Government will continue to support the Bank through capital injections, capitalisation of dividends and provision of subordinated loans. In the six months ended 30 June 2024, the outstanding amount under subordinated loans received by the Group from the Ministry of Economy and Finance was UZS256,922 million. The outstanding amounts under subordinated loans received by the Group from the Ministry of Economy and Finance remained broadly stable and amounted to UZS251,705 million, UZS229,749 million and UZS221,812 million as at 31 December 2023, 2022 and 2021, respectively. See "*The Bank's operations are subject to interest rate risk*", "*The Bank may not be able to accurately assess the credit risk of potential and current borrowers or maintain the quality of its loan portfolio*" and "*The banking sector in Uzbekistan and the Bank are undergoing a transition period*".

However, if the Government were to reduce or cease its funding of the Bank in the future or change the terms or basis of such funding, including the level of subsidies or not make any further capital injections, any of these

events could have a material adverse effect of the Bank's business, results of operations, financial condition and prospects. Furthermore, the absence of sufficient funding from the Government may hinder the Bank's ability to implement its growth strategy successfully and in a timely manner. See "*Risks Related to the Group's Strategy— The Bank may not be able to successfully implement its strategy to grow its business, and may be subject to risks relating to its business expansion*".

Similarly, any unplanned or unexpected reduction in state funding to any of the Bank's state-owned customers or radical shift in the Government policy towards the Bank resulting in the loss of the state-owned customers may result in a decrease in operational volumes for the Bank or failure of such customers to service their obligations under the existing loans and other arrangements with the Bank, which could in turn have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In addition, the Government has been and remains a very significant source of funding for, and the ultimate controlling entity of, major clients of the Bank, such as JSC "Uzagrolleasing". If the Government reduces subsidies or financial support to the Bank's customers, they may struggle to service their debts, leading to higher default rates and increased NPLs for the Bank, and reduce their borrowing for new projects or expansions, resulting in a decrease in the Bank's lending activity and revenue. Reduced Government's support for, or participation in, may also adversely affect the credit ratings of the Bank and/or the Bank's state-owned customers, hindering their ability to attract funding on the local and international capital markets at favourable terms (or at all), which could in turn have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Bank operates in a competitive industry

In recent years, the Uzbekistan banking sector has become increasingly competitive. According to the CBU, as at 1 August 2024, there were 36 commercial banks (including the Bank) operating in Uzbekistan. The Bank competes with a number of these banks, including Joint-Stock Company "National Bank for Foreign Economic Activity of the Republic of Uzbekistan" ("**NBU**"), Joint Stock Commercial Bank "Uzbek Industrial and Construction Bank" ("**SQB**"), Joint Stock Company Asakabank ("**Asakabank**"), Joint Stock Commercial Mortgage Bank "Ipoteka-Bank" ("**Ipoteka-Bank**") and Joint Stock Commercial Bank with Foreign Capital "Hamkorbank" ("**Hamkorbank**") in the corporate banking segment; and Hamkorbank, Joint Stock Commercial Bank "Kapitalbank" ("**Kapitalbank**"), SQB and Ipoteka-Bank in the retail segment. In addition, the mortgage market is highly competitive in Uzbekistan, with some competitors implementing aggressive pricing policies in order to maintain or increase their market shares. According to the CBU, as at 1 August 2024, there were six banks with foreign capital in Uzbekistan, which, following the liberalisation of the economy and transitional development of the banking sector, pose an increased competitive challenge for the local market, as they could draw on the support from their parent banks and offer banking products on more attractive terms than the Bank and other Uzbek financial institutions. Although the Bank believes it can continue to offer highly competitive products for its customers, there can be no assurance that the Bank's customers will not transfer a significant portion of their deposits and/or loans to one or more of the Bank's competitors or that the Bank will gain a share of new customers in the market which would meet its growth targets.

In a situation where the Bank's competitors, either individually or through privatisation or mergers, benefit from stronger financial resources, have access to cheaper funding, offer a broader range of products (such as the recently privatised Ipoteka-Bank which can utilise the expertise and financial resources of Hungarian OTP Bank, its major shareholder), the Bank may not be as competitive compared to them. In addition, if the Bank and its competitors pursue the same market sectors or implement similar marketing, sales and/or distribution strategies, this could decrease the demand for the Bank's products and/or may force the Bank to reduce profit margins in order to compete in the market. There is no assurance that any measures taken by the Bank to compete with its competitors would be successful or yield intended results.

Similarly, these factors may lead to significant pressure on the Bank's market share and has already led to, and may continue to lead to, increased pricing pressures on the Bank's products and services, which could in turn have a material adverse effect on the Group's business results of operations, financial condition and prospects.

The Group's loan portfolio is exposed to client, geographical and industry concentration

The Group's largest corporate customers include state-owned enterprises such as JSC "Uzagrolleasing" and JSC "Navoi Mining and Metallurgical Company" all of whom are long-standing clients of the Bank that enjoy the benefit of subsidised funding provided by the Government through the Bank. See "*The Bank and some of its customers would be adversely affected if they cease to receive financial support from the Government*". The Group's top ten corporate borrowers (which comprise Buxoro Agrocluster LLC, Eco Cement LLC, Basalt Wool LLC, Art Soft Tex Cluster farming cluster, Iftihor Kiyim Sanoat LLC, Tashkent Cotton Textile LLC, Turkish House LLC, UK Real Agro Cotton LLC, WBM Qoshkopir cluster LLC and Agro New Drip LLC) collectively accounted for 18.1 per cent. of the gross loan portfolio as at 30 June 2024, 19.5 per cent., 18.1 per cent. and 15.5 per cent. as at 31 December 2023, 2022 and 2021, respectively. The Bank's financial stability could be adversely impacted if a number of the Bank's major customers default or face financial difficulties, potentially leading to significant losses and increased vulnerability to economic fluctuations.

The majority of loans comprising the Group's loan portfolio was granted to companies operating in the Republic of Uzbekistan, which represents a significant geographical concentration in one country. Geographical concentration in Uzbekistan exposes the Bank to heightened risk from local economic downturns, political instability or regulatory changes, which could significantly impact the Bank's loan portfolio, increase default rates and threaten overall financial stability.

The majority of the Group's loans based on the amount of money loaned are granted to borrowers operating in the manufacturing and agricultural sectors. The aggregate share of these sectors in the Group's gross loan portfolio amounted to 68.6 per cent. as at 30 June 2024, 65.3 per cent. as at 31 December 2023, 63.4 per cent. as at 31 December 2022 and 63.5 per cent. as at 31 December 2021. The Group's financial condition is sensitive to volatility and downturns in the sectors of the economy in which its loans are concentrated. Accordingly, the Group's significant exposure to the manufacturing and agricultural sectors, combined with any downturn or adverse trends in these sectors, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group aims to mitigate the risk of credit losses from large exposures by using collateral to minimise losses related to defaults on its largest exposures, reducing guarantee exposures and seeking to diversify its loan book. A significant portion of the loans granted by the Group (63.4 per cent. in the six months ended 30 June 2024, as compared to 61.4 per cent., 58.0 per cent. and 49.7 per cent. in the years ended 31 December 2023, 2022 and 2021, respectively), including the majority of agricultural loans and loans extended in the context of the "Every Family Entrepreneur" programme, are secured by loan default insurance policies. There can be no assurance, however, that any such measures will be successful or adequate to insure against the risks they are intended to cover. In addition, microeconomic shocks or industry-specific fluctuations may adversely affect the quality and realisable value of collateral in respect of the Group's loan portfolio, for example real estate in Uzbekistan. See "*Collateral values may decline or may not be of such high credit value and the Bank may face difficulties with the collateral enforcement*" and "*Risks Related to the Republic of Uzbekistan—The Group may be adversely affected by changes in Uzbekistan's economic, political and other conditions*". Any loss of a key corporate borrower or deterioration in the quality of the Group's corporate loan portfolio could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A proportion of the Group's loan portfolio is denominated in foreign currencies, and the quality of the Group's loan portfolio may deteriorate as a result of slower economic growth and depreciations and devaluations of the soum against the U.S. dollar or other foreign currencies

The assets and liabilities of the Group are denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency.

As at 30 June 2024, 71.1 per cent. of the Group's loan portfolio was denominated in soums, 15.1 per cent. in U.S. dollars and 12.2 per cent. in Euros. As at 31 December 2023, 69.4 per cent. of the Group's loan portfolio was denominated in soums, 16.3 per cent. in U.S. dollars and 13.5 per cent. in Euros. As at 31 December 2022, 72.7 per cent. of the Group's loan portfolio was denominated in soums, 17.3 per cent. in U.S. dollars and 10.0 per cent. in Euros. As at 31 December 2021, 72.7 per cent. of the Group's net loans to customers were denominated in soums, 17.3 per cent. in U.S. dollars and 10.0 per cent. in Euros. While the Group seeks to

utilise a number of natural hedging strategies to mitigate the currency risk, such as lending funds in the same currency as it borrows funds and issuing loans in foreign currencies only to borrowers with stable foreign currency revenues, should the Group provide loans in foreign currencies to a wider category of borrowers in the future for competitive pressure reasons or otherwise, the volatility in the money market and significant exchange rate fluctuations may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. See "*Operating and Financial Review – Factors Affecting the Financial Statements– Fluctuations in Currency Exchange Rates*" and "*Risk Management*".

As part of currency liberalisation reforms in 2017, the CBU devalued the soum against the U.S. dollar by about 92.0 per cent., resulting in the depreciation of the soum from 4,210.35 soums per U.S.\$1 to 8,100 soums per U.S.\$1. In April 2020, the CBU devalued the soum against the U.S. dollar twice in three days by a total of 5.5 per cent. in response to significant downward pressure on the soum as a result of the measures taken in response to the COVID-19 pandemic and falling energy prices and remittances. In 2022 and 2023, the significant devaluation of the national currencies of some of Uzbekistan's principal trading partners (including the Russian Federation), resulted in a further devaluation of the soum. As at 30 September 2024, the UZS/U.S. dollar foreign exchange rate stood at UZS12,715.42. Any further depreciation of the soum against the U.S. dollar may result in customers having difficulty repaying their loans. Accordingly, should the share of unsecured higher-margin foreign-currency loans in the Group's portfolio increase significantly in the future, this could result in the increase of the credit risk of the portfolio.

In addition, fluctuations of the soum against the U.S. dollar may cause the value of the Group's loan portfolio to fluctuate. As a result, should a significant portion of the Group's customers with foreign currency-denominated loans depend on soum-denominated income, any depreciation of the soum against the currency of the loan may result in customers facing difficulties repaying their loans.

Furthermore, any depreciation of the soum against the U.S. dollar or other foreign currencies, and any future devaluations in the currencies of Uzbekistan's neighbouring countries (including countries forming part of the CIS, and, specifically, the Russian Federation) may adversely affect the financial condition of the Group, as well as the Issuer's ability to repay amounts due under the Notes. Any of these events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Bank is subject to operational risk inherent in banking activities

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

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

The Bank faces liquidity and funding risk

The Bank is exposed to liquidity risk arising out of mismatches between the maturities of its assets and liabilities. Liquidity risk is inherent in banking operations and may be heightened by a number of factors, including an over-reliance on, or an inability to access, a particular source of funding, changes in credit ratings or market-wide phenomena, such as financial market instability. Credit markets worldwide have in recent years experienced, and may continue to experience, a reduction in liquidity and long-term funding as a result of global economic and financial factors. The availability of credit in emerging markets, such as Uzbekistan, in particular is significantly influenced by the level of investor confidence and, as such, any factors that affect investor confidence could affect the price or availability of funding for the Bank.

Other borrowed funds (comprising funds borrowed from IFIs and Uzbekistan state-owned entities – see Note 15 to the Interim Financial Statements, Note 16 to the 2023 Financial Statements and Note 15 to the 2022 Financial Statements) are the main source of funding for the Bank and amounted to 59.4 per cent. of the Group's total liabilities as at 30 June 2024, 59.1 per cent. as at 31 December 2023, 61.0 per cent. as at 31 December 2022 and 54.9 per cent. as at 31 December 2021. The Bank has several open credit lines with international financial organisations, see "*Operating and Financial Review – Funding*". However, the Bank may face increased cost of funding and shortage in available liquidity should the Bank breach its covenants under the existing borrowing facilities. See "*–The Bank is required to comply with certain financial and other restrictive covenants*" below. Further, a significant portion of the Group's funding is derived from customer accounts comprising 28.0 per cent. of the Group's total liabilities as at 30 June 2024, 29.0 per cent. as at 31 December 2023, 31.1 per cent. as at 31 December 2022 and 39.9 per cent. as at 31 December 2021.

As at 30 June 2024, 31 December 2023, 31 December 2022 and 31 December 2021, amounts due to the Group's 10 largest customers from customer deposits accounted for 35.3 per cent., 38.0 per cent., 46.0 per cent. and 46.0 per cent., respectively, of total amounts due to customers. As a matter of Uzbek law, term deposits may be withdrawn by individual depositors at any time, which exposes the Bank to unexpected calls on its cash resources. In the event of any downturn in confidence in the Bank or the banking sector in Uzbekistan in general, customers could seek to withdraw their deposits and consequently the Bank may not have the necessary funds to meet its liabilities as they fall due, which will have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

As at 30 June 2024, 31 December 2023, 31 December 2022 and 31 December 2021, respectively, 4.0 per cent., 9.4 per cent., 11.6 per cent. and 12.5 per cent. of the Group's customer accounts were denominated in foreign currencies, primarily in U.S. dollars. Accordingly, should the soum depreciate significantly against U.S. dollar and other foreign currencies due to macroeconomic or political events or otherwise, the Bank's customer accounts may increase in soum terms, which may have a material adverse effect on its business, financial condition, results of operations and prospects.

Also, historically, the Bank in its day-to-day operations relied significantly on liquidity provided by the Government. See "*–The Bank and some of its customers would be adversely affected if they cease to receive financial support from the Government*". The Bank intends to diversify its funding and liquidity base by attracting funds from customer accounts, the interbank lending market and international capital markets and by continuing to attract government funding. However, these liquidity sources and the Bank's current liquidity may be affected by unfavourable financial market conditions. If assets held by the Bank to provide liquidity become illiquid or devalue substantially, the Bank may be required, or may choose, to rely on other sources of funding to finance its operations and future growth. Only a limited amount of funding, however, is available in the Uzbekistan inter-bank market, and recourse to other funding sources may pose additional risks, including the possibility that other funding sources may be more expensive and less flexible, if at all available. In addition, the cost of funding in Uzbekistan may significantly increase in the case of unfavourable financial market conditions, economic reforms implemented by the Government or other macroeconomic changes. The CBU's main policy interest rate (the "**refinancing rate**") was 14.0 per cent. as at 31 December 2023 as compared to 15.0 per cent. and 14.0 per cent. as at 31 December 2022 and 31 December 2021, respectively. In response to the fluctuations of the refinancing rate, UZONIA, the indicator of an average interest rate on the interbank money market decreased from 15.0 per cent. in 2022 to 13.8 per cent. in 2023 and increased to 14.0 per cent. as at 22 May 2024. Should the cost of funds on the inter-bank lending market further increase and the availability of this source of funding to the Bank diminish, or should the Bank fail to procure timely sources of other funding

on commercially viable terms, it may hinder the Bank's ability to service its liabilities and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Bank's operations are subject to interest rate and credit risks

The Bank faces interest rate risk resulting from movements in interest rates that affect income or the value of financial instruments the Bank has with its borrowers and lenders. For example, instruments on both the asset and liability side may exhibit different sensitivities to changes in interest rates, including changes in long-term and short-term interest rates relative to one another. If, for example, interest rates were to rise, this could negatively affect the value of the Bank's assets with longer tenors that may have relatively lower fixed interest rates locked up until maturity relative to possible liabilities with shorter tenors. A decrease in the general level of interest rates may affect the Bank through, among other things, increased pre-payments on its loan portfolio and increased competition for deposits. Accordingly, the Bank could become subject to interest rate movements on both domestic and international markets which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Bank, in its capacity of a state agent, facilitates the implementation of government programmes by offering clients (particularly those operating in the agricultural sector) funding on favourable terms, that cannot be matched by private or commercial banks. This role exposes the Bank to significant credit risks such as the potential for loan defaults if borrowers, particularly those dependent on government funding, are unable to meet their repayment obligations. Additionally, high client or sector concentration increases the risk that financial difficulties in agriculture or among a few large borrowers could lead to significant losses for the Bank, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Further, a substantial portion of its loan portfolio has been subsidised by the Government thereby improving the Bank's loan portfolio quality and reducing its credit risk. See "*Business – Competitive Strengths – History of strong shareholder support*". A material reduction in the volume of lending subsidised by the Government may increase the Bank's credit and interest rate risks by raising the likelihood of loan defaults, as the Bank's customers lose financial support, and elevate interest rate risk by forcing the Bank to rely more on market-rate lending, which is subject to fluctuating interest rates. This may, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

Financial service institutions that transact with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect the Bank and other financial intermediates, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Bank interacts on a daily basis. The Bank routinely executes a high volume of transactions with numerous counterparties in the financial services industry, including brokers and dealers and commercial banks, resulting in significant credit concentration. As a result, the Bank is exposed to counterparty risk and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations.

Moreover, problems at certain financial institutions in Uzbekistan or in other countries could cause general market concerns over the health of financial institutions. See "*The Group is subject to risks arising from the global macroeconomic environment*". Furthermore, these problems could lead to reduced access to, or increased costs of, liquidity and funding for financial institutions and/or decline in the value of their debt or equity instruments, possibly including the Notes, such risk being sometimes referred to as "contagion effect". A default by, or even concerns regarding the stability of one or more financial institutions, including those to which the Bank may be directly exposed, or which may not even be a Bank's counterparty, could lead to further significant systemic liquidity problems or result in losses and defaults by other financial institutions. The "systemic risk" has further been exacerbated by the recent collapse of a number of banks worldwide, such as Credit Suisse in Europe and Silicon Valley Bank and Signature Bank in the United States.

All of the above factors could have a material adverse effect on the Bank's ability to raise new funds and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

Credit risk assessment is generally more difficult for Uzbekistan banks than for banks operating in certain other jurisdictions due to the scarcity of reliable information in Uzbekistan about potential borrowers. In particular, it is difficult to make long-term forecasts with respect to a corporate borrower's financial position because the financial performances of Uzbekistan companies are generally more volatile and their credit qualities are less predictable than those of similar companies in more mature markets and economies. Furthermore, many potential corporate borrowers do not prepare audited accounts in accordance with IFRS and/or do not have extensive or externally verified credit histories. The Bank periodically reviews its credit policies designed to manage the risk. The Bank's Credit Committees set counterparty limits by the use of a credit risk classification and a scoring system which are used in assessing individual transactions. The credit quality review process is continuous and provides early identification of possible changes in the creditworthiness of customers, including regular collateral revaluations, potential losses and corrective actions needed to reduce risk, which may include obtaining additional collateral in accordance with underlying loan agreements. See "*–Risk Management*".

In extending retail loans, the Bank makes approval decisions based on information derived from various sources, including data provided by the borrowers, as well as data provided by third parties (such as the Bureau of Credit Histories (the "**Credit Bureau**") and the borrower's employer). However, the Credit Bureau has been in active operation since 2012 and the information provided by the Credit Bureau might not be complete, reliable or up-to-date. In addition, there is a risk that the Bank's procedures and controls employed in loan origination and verification, especially those which continue to be operated in a manual mode, such as the Bank's existing scoring system for corporate clients, may generate errors or may not be capable of identifying all risks inherent to the loan origination process, including as a result of the lack of historic data. In addition, the Bank's officers may fail to adhere to compliance procedures, which may lead to incorrect assessments of the level of risk of particular retail borrowers. See "*–The Bank is subject to operational risk inherent in banking activities*". The Bank may also be unable to accurately evaluate the current financial condition of each prospective borrower or independently assess or verify information provided by prospective borrowers, and thus may be unable to determine the long-term economic outlook for each such borrower. Furthermore, the limited availability of recent or reliable credit information on retail borrowers constrains the Bank's ability to detect and prevent fraudulent activities by potential borrowers, including the use of false information in order to obtain loans, which could lead in decreased loan recovery for the Bank.

In addition, a substantial portion of the Bank's retail loans has been extended to employees of its corporate clients. It may be more difficult for the Bank to monitor and assess the financial standing of other retail customers who are not the employees of the Bank's existing corporate clients.

Notwithstanding the credit policies, risk assessment procedures and systems that the Bank has in place, there is no assurance that such procedures and systems, credit loss allowance and supporting collateral will be sufficient to protect the Bank against increased levels of defaults, losses or potential write-offs. Furthermore, the quality of the Bank's loan portfolio may deteriorate due to external factors beyond the Bank's control such as negative developments in the Uzbekistan economy or in the economies of its neighbouring countries, the unavailability or limited availability of credit information on certain of its customers, as well as any failure of its risk management procedures or rapid expansion of its loan portfolio. See "*–The Bank's risk management strategies and procedures are developing and may not be completely effective*" and "*–Risks related to the Republic of Uzbekistan –The Group may be adversely affected by changes in Uzbekistan's economic, political and other conditions*".

Limited availability of reliable data and accurate forecasts in respect of corporate borrowers in Uzbekistan, as well as a failure to properly assess the risk of potential borrowers or deterioration in the financial condition of a significant number of the Group's corporate or retail customers and any future deterioration in the quality of the loan portfolio or increase in its loan impairment charges may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

Although the Bank invests substantial time and effort in its risk management strategies and procedures, and is in the process of upgrading its risk management system in the context of the implementation of the Bank's

transition strategy and planned operational and internal control network, such strategies and procedures for risk management may nevertheless fail under certain circumstances, particularly when confronted with risks that it has not identified or anticipated. Further, there is no assurance that the Bank will succeed in the development and implementation of the updated risk management systems at a pace corresponding to the growth of the Bank's business and that any delays in such implementations will not limit the Bank's ability to develop and expand its business. In addition, the Bank's risk management methods may lack observations of historical market behaviour traditionally used as a base for risk management procedures due to limited availability of historic information. The Bank collects statistical information from CIS banking markets and applies statistical techniques to these observations to arrive at quantifications of its market risk exposures. See "*The Bank is subject to operational risk inherent in banking activities*", "*The Bank faces liquidity and funding risk*" and "*The Bank's operations are subject to interest rate and credit risks*". In developing its statistical models, the Bank may not identify or anticipate certain circumstances and quantifications and may not take all risks into account. Moreover, there is no assurance that the Bank's risk management model will always be timely and efficient. If the Bank's measures to assess and mitigate risks prove insufficient or inaccurate, its losses may be greater than expected and this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The Group is subject to cyber-security threats, such as data leakage, insider threat (that is, the risk of a harmful use of information obtained by authorised employees or contractors), privilege abuse, cyber intrusion, network attacks, and targeted advance email attacks. Although cyber-security threats have not materially affected the Group's operations to date, it is expected that such threats will continue to exist, which will require the Bank to closely monitor such threats.

While the Bank continues to upgrade its IT systems on an ongoing basis to meet its operational needs, there can be no assurance that its IT systems will be sufficiently developed and will continue to function in a manner that pre-empts significant disruptions or temporary loss of functionality, and the possibility of a systems failure that may adversely affect its operational activities and financial performance cannot be eliminated. Moreover, due to the rapid pace of development of financial technology and systems, which may render certain existing technology, equipment and systems obsolete, there can be no assurance that the Bank's IT systems will at all times be as modern or as efficient as systems used by other financial institutions and competitors.

Further, the Bank's ability to operate its business depends on its ability to protect the computer systems and databases it operates and uses to inhibit the intrusion of third parties who may attempt to gain access to the Bank's computer systems, networks or databases through the Internet or otherwise. Although the Bank believes that its computer systems, networks and databases are well protected from unauthorised access, given the potential technical and financial resources of intruders, full assurance cannot be given that its computer systems, networks and databases will not suffer from such attacks in the future.

In addition, the Bank develops some of its IT core systems software (including core banking software, Internet, mobile banking, and human resources software) with the assistance of third-party providers. The availability of services provided by these providers to the Bank may be negatively affected by a number of factors, some of which are beyond the control of the Bank, including business interruptions, allocation of services to other purchasers, fluctuations in prices and increased costs. Should the Bank's relationship with these providers deteriorate, or should any contracts with them not be renewed or entered into on a timely basis or on commercially acceptable terms, or at all, the Bank's ability to operate its business may be adversely affected.

Also, given the operational growth of the Bank in the reporting period and the increased use of the Bank's digital platforms by its customers due to the trend towards digitalisation of economy, further exacerbated by the COVID-19 pandemic, should the Bank's business volumes continue to grow at a rapid pace, it could lead to significant increases in the utilisation of its IT systems, to a point where capacity limits could be reached and the systems would be unable to adequately support further growth. In addition, in line with its strategy, the Bank is increasing digitalisation and implementing new digital-based solutions which are particularly reliant on IT infrastructure and are sensitive to IT failures. A failure of the Bank's IT systems to adequately support its operations and the growth of its business and to enable it to monitor and manage its operations effectively could result in a material adverse effect on the Group's business, financial condition, results of operations and

prospects. In addition, as financial technology continues to develop, the Bank (or its third-party suppliers) may be exposed to new risks, including those it may not be able to anticipate, as well as increased operating costs from ensuring that any new products and services it provides are implemented correctly and operated safely and securely. Therefore, any failure on part of the Bank to effectively manage its IT, cybersecurity and privacy risks, may expose it to liability, including regulatory fines or penalties and increased expenses from the resolution of any cybersecurity or privacy breaches of the Bank's databases and the mitigation of the impact of such breaches on affected individuals. Any of the above could have a material adverse effect on the Bank's business, results of operations and/or financial condition or the Bank's ability to fulfil its obligations under the Notes.

Collateral values may decline or may not be of such high credit value and the Bank may face difficulties with the collateral enforcement

As at 30 June 2024, the Bank held collateral against gross loans covering substantially all of the value of total gross loans. The main forms of collateral are loan default insurance policies, guarantees, real estate mortgages, pledges over equipment, vehicles and inventory, cash deposits and government guarantees. Most of the loan default insurance policies are provided by local insurers, and the Bank's ability to recover under such loan default insurance policies is dependent on the financial standing of policy underwriters. In addition, downturns in the residential and commercial real estate markets or a general deterioration of economic conditions in the industries in which the Bank's customers operate and downturns in the insurance industry may result in asset illiquidity and a decline in the value of the collateral. If the fair value of the collateral that the Bank holds declines significantly, the Bank could be required to record additional provisions and could experience lower than expected recovery levels on collateralised loans.

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

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

The Bank generally maintains insurance policies covering its assets, operations and certain employees in line with general business practices in Uzbekistan, including a comprehensive insurance policy with highly rated Uzbek insurance companies. The Bank seeks to insure against a range of risks, including fire, lightning, flooding, employee liability and employee fraud. Also, due to the statutory requirements, the pledged property is subject to compulsory insurance; accordingly, the Bank's clients insure the pledged assets when receiving loans. However, there can be no assurance that all types of potential losses are insured or that policy limits would be adequate to cover them. Any uninsured loss or a loss in excess of insured limits could adversely affect the Bank's existing operations and create additional significant costs and liabilities and could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Bank depends on key management and qualified personnel

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

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

In the past, the Bank has engaged in transactions with related parties. See "*Certain Transactions with Related Parties*". The Bank's management expects that the Bank will continue to enter into related party transactions in the future. Under the laws and regulations of Uzbekistan, certain related party transactions (including where at least one member of the Bank's Supervisory Council (also known as Supervisory Board) is deemed to be an interested party) are required to be approved at the general shareholders meeting of the Bank or its Supervisory Council prior to execution of such transactions. If two or more members of the Supervisory Council are deemed to be an interested party and/or beneficiary of a related party transaction or if such transaction's value exceeds 50.0 per cent. of the Bank's net assets, such transaction shall be approved at the general shareholders meeting of the Bank. Failure to receive such approval may lead to invalidity of the transaction. In addition, failure to receive an approval and enter into a material related party transaction, such as a loan or deposit from/to the state agency or a state-owned company, could have an adverse effect on the Group's business, results of operations, financial condition and prospects.

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

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

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

The Bank's ability to attract, retain and grow its customer base will require it to successfully create new products, both independently and jointly with third parties, and, therefore, the Bank may face risks associated with expansion into areas in which it has limited experience or no experience. The Bank may also introduce significant changes to its existing products or develop and introduce new and unproven products and services, which may require significant investments of time, money and resources.

For example, the Bank has developed new sales channels and launched a mobile application offering services such as payments, transfers, currency conversion, virtual accounts and microloans. The Bank operates online platforms like Chakana.uz for instalment purchases, Agrozamin for agricultural products, Suvkredit.uz for financing water-saving technologies and Agro In Vitro for cultivating virus-free seedlings, along with 24/7 self-service smart offices. The future performance of these and other new products or services, however, is inherently uncertain, and as a result of potential underperformance of these products or services the Bank may fail to attract or retain customers or generate sufficient return to justify its investments, which may adversely affect its business, financial condition and results of operations.

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

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

The Bank collects, processes and stores personal data (including names, addresses, ages and bank details) from its customers, business contacts and employees as part of the operation of its business, and the Bank must

comply with data protection and privacy laws in Uzbekistan. Those laws and standards impose certain requirements on the Bank in respect of the collection, use, processing and storage of such personal data. There is a risk that data collected by the Bank and/or its appointed agents is not processed in accordance with notifications made to, or obligations imposed by, data subjects, regulators or other counterparties or applicable law. Failure to operate effective data controls in respect of the collection, use, processing and storage of such personal data, as prescribed by applicable law, could potentially lead to administrative fines, financial costs, reputational damage and undermine trust in the Bank's business and brand, any of which could have a material adverse effect on the Bank's business, financial condition and results of operations.

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

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

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

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

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

provide absolute security, and any security breach could have a material adverse effect on the Bank's business, financial condition and results of operations.

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

In carrying out its operations, the Bank relies on a variety of third-party services. The Bank's technology infrastructure and services incorporate software, systems and technologies developed by third parties, as well as hardware purchased or commissioned from third-party suppliers. As the Bank's technology infrastructure and services expand and become increasingly complex, the Bank faces increased risks relating to the performance and security of its technology, including risks relating to incompatibility of the components produced by third parties, service failures or delays or back-end procedures on hardware and software. Additionally, currently the Bank develops the majority of its IT core systems software with the support of several third-party providers, including Smart Bank NCI, a local supplier for core banking systems, SWIFT Alliance for international financial transaction communications and TietoEVERY for banking card services. The availability of third-party providers' services to the Bank may be negatively affected by a number of factors, some of which are beyond control of the Bank, including business interruptions, allocation of services to other purchasers, fluctuations in prices and increased costs. Should the Bank's relationship with third-party providers deteriorate, or should any contracts with them not be renewed/entered into on a timely basis or on commercially acceptable terms, or at all, the Bank will have to engage a new provider of relevant services. This might prove to be time consuming due to the absence of a substantial number of experienced IT providers on Uzbekistan market, which can offer services meeting the requirements of the Bank's current business as well as able to serve the Bank's strategic development aspirations. All these may adversely affect the Bank's business.

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

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

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

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

As at the date of this Prospectus the Bank has a long-term foreign and local currency issuer default rating at 'BB-' from Fitch and long-term local currency credit rating at 'Ba3' with a stable outlook from Moody's.

These ratings reflect each agency's opinion of the Bank's financial strength, operating performance and ability to meet the Bank's debt obligations as they become due. The Bank's ratings are also sensitive to changes in the sovereign rating of the Republic of Uzbekistan. In May 2024, S&P Global Ratings ("**S&P**") affirmed the Republic of Uzbekistan's long-term and short-term sovereign credit rating for foreign and local currency

liabilities at the 'BB-/B' level, outlook Stable. In August 2024, Fitch affirmed the Republic of Uzbekistan's long-term foreign-currency issuer default rating at 'BB-' level, outlook Stable. There can be no assurance that the Bank or the Republic of Uzbekistan will be able to maintain their current credit ratings, and any deterioration in the geopolitical situation, the general economic or political environment or the Bank's financial condition could lead to downgrades. Any such downgrade in the ratings of the Bank could undermine confidence in the Bank, limit its ability to effectively negotiate new loan facilities and make it more difficult and/or expensive for it to raise capital going forward. Such downgrade may also affect or effectively limit the Bank's access to capital markets as investing in the Bank will in such case be considered less attractive and/or no longer be allowed for certain investors. Any of the above could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

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

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

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

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

As with many other banks in Uzbekistan and other CIS countries, the Bank's current system of internal financial reporting was not originally designed for the preparation of IFRS financial statements, leading to potential risk of lack of timeliness or inaccurate preparation of financial statements under IFRS. Preparation of the Bank's IFRS-based financial statements is a manual process that involves the transformation and reclassification of the Bank's statutory financial statements into IFRS through accounting adjustments, and requires an ongoing review and update of applicable IFRS and related pronouncements that should be applied to the underlying Uzbekistan Generally Accepted Accounting Principles ("GAAP"). This process is complicated, time-consuming and requires significant attention from the Bank's senior accounting personnel and an adequate system of internal controls over financial reporting. During the reporting process, the Bank's management periodically identifies weaknesses in its reporting process and internal controls and takes steps to address them. Notwithstanding the above, the Bank has been preparing its annual financial statements in accordance with the IFRS since 1997 and intends to continue doing so in the future in line with its continuing obligations in accordance with the Listing Rules as an Issuer with Notes listed on the Official List.

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

loss of confidence in its reported financial information, which in turn and could have a negative impact on the Bank's compliance with the terms of the Notes, access to external financing, and potentially its business and results of operations.

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

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

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

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

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

Furthermore, the Bank's significant exposure to the agricultural sector poses a substantial risk due to Uzbekistan's vulnerability to global warming, drought, water shortages, and soil degradation. These environmental challenges could adversely impact the quality of the Bank's loan portfolio, as agricultural borrowers may face increased difficulties in meeting their financial obligations. The Bank may be required to increase provisions and charges to account for the unpredictable consequences of these negative environmental patterns, which could have a material adverse impact on the financial condition and prospects of the Bank.

The Russia-Ukraine conflict and the sanctions imposed by numerous national and international authorities in response, as well as countermeasures taken by Russia, have had, and will continue to have, an adverse impact on Group's business, financial condition and results of operations

The intensification of the Russia-Ukraine conflict in February 2022, and the resulting wide range of sanctions imposed on persons in or related to Russia by the EU, the US, the UK and a number of other jurisdictions have had, and are expected to continue to have, a significant negative impact on the global economy. There have been material disruptions in energy markets (resulting in surges of energy prices and overall uncertainty for consumers), trade and investment (complicating trade and investment flows in Europe and Asia as well as broader economic integration and cooperation in the CIS region) and financial markets (eroding investors' and lenders' confidence and sentiment).

The conflict and resulting sanctions also had and continue to have a material impact on the Uzbekistan economy that relies on trade with its neighbour countries, including Russia and China, two of its biggest economic partners, for its exports and imports, including the disruption on some of the trade routes and corridors that Uzbekistan uses to access the European and Asian markets as well as exports and imports to and from Russia.

Further, Uzbekistan is a major recipient of remittances from Russia, and the conflict has resulted in a significant devaluation of the Russian Rouble against major international currencies, which, in turn, led to the decline of the volume of remittances from Russia and negatively affected the growth of the Uzbekistan economy. Furthermore, the devaluation of the Russian Rouble throughout 2023 adversely affected Uzbek exporters trading with Russia, notably reducing their customers' purchasing power, prompting a shift in export destination and heightening foreign exchange risk for those holding assets or liabilities in Russian Roubles.

Due to the historic and economic proximity between Uzbekistan and Russia, the Group has had, and continues to have, certain exposure to Russia and its economy. In particular, the Group had established business relationships with a number of leading Russian financial institutions, including the Russian state-owned banks, involving a range of financial activities such as trade finance. Russia's economy can be volatile, impacted by global oil prices, geopolitical tensions and domestic economic policies and if Russian banks face financial difficulties, this could have a direct adverse impact on the Bank.

Following the imposition of sectoral and blocking sanctions on Russian companies and individuals, the Group has proactively dealt with its indebtedness to Russian banks that were designated for blocking sanctions by the US, the UK and the EU. However, as at 30 June 2024, the Group continued to have liabilities classified as "other borrowed funds" in the Group's consolidated statement of financial position: (i) two loans with an aggregate carrying value of UZS762,098 million owed to JSC Gazprombank which is subject to blocking sanctions in the UK and sectoral sanctions in the US and the EU and (ii) three loans with an aggregate carrying value of UZS586,898 million owed to the Development Bank of the Republic of Belarus ("**DBRB**") which has been designated for sectoral sanctions by the US, UK and the EU. As at 30 June 2024, the Group's liabilities to Gazprombank and DBRB constituted 4.6 per cent. and 3.5 per cent., respectively, of the total borrowed funds from IFIs. See "*Operating and Financial Review – Total Liabilities – Funding from IFIs*". The Group confirms that maintaining liabilities classified as "other borrowed funds" to JSC Gazprombank and the DBRB does not violate the sanctions regimes of the US, UK or the EU. In the EU and the US, Gazprombank and DBRB are not designated for blocking sanctions but are rather subject to sectoral limitation restricting their ability to raise capital. As in the context of these loans, the Group borrowed rather than lent moneys, these loans do not breach the EU and the US sanctions. As regards the UK sanctions regime, as the Group is not a UK person, the UK sanctions are not binding on the Group.

The Group's Rouble correspondent account is maintained with Asia-Invest Bank, a subsidiary of National Bank for Foreign Economic Activity of the Republic of Uzbekistan, that has not been designated for sanctions. The CNY-denominated correspondent account with Gazprombank was opened prior to the introduction of sanctions for the purposes of a specific transaction and is being closed as at the date of this Prospectus. Once the CNY-denominated correspondent account is closed, the Group's only correspondent account in Russia (which is necessary to facilitate the trading between the Group's clients and Russia (particularly in respect of agricultural goods)), would be maintained with Asia-Invest Bank.

Notwithstanding the implementation of enhanced sanctions protocols by the Group, there exists a risk that it will not be able to comply with the increasingly complex international sanctions regime or be otherwise directed by the Government. The manifestation of one or more of these risks may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The continuation, escalation or expansion of hostilities between Russia and Ukraine, or in the Middle East or elsewhere, may lead to further restrictions, sanctions or countersanctions, increased economic instability worldwide, heightened operating risks and cyber disruptions or attacks. Uzbekistan's close economic links with Russia, the Russia-Ukraine conflict and the related sanctions, counter-sanctions and restrictions have had, and may continue to have, adverse impacts on the global economy, capital markets, supply chains, energy prices, suppliers and consumer demand as a result of increased inflationary pressures directly associated with the conflict, all of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is subject to certain risks related to the Bank's transactions with counterparties in Russia and Belarus

The Republic of Uzbekistan is a member state of the Commonwealth of Independent States. Since the collapse of the Soviet Union in 1991, the Russian Federation and, to a smaller extent, Belarus, have been among Uzbekistan's leading trade partners. Further, given the historical links and geographic proximity, Uzbekistan is linked to Russia through trade, remittances and foreign direct investments.

The Group has had dealings with a number of financial institutions incorporated in Russia and Belarus. In particular, as at the date of this Prospectus, the Group continues to have dealings with (i) Gazprombank which is subject to sectoral sanctions in the US and the EU and an asset freeze in the UK and (ii) the DBRB which has been designated for sectoral sanctions by the US, UK and the EU. See "*The Russia-Ukraine conflict and the*

sanctions imposed by numerous national and international authorities in response, as well as countermeasures taken by Russia, have had, and will continue to have, an adverse impact on Group's business, financial condition and results of operations".

During 2023, the Group dealt with some of its funding exposure to certain sanctioned Russian financial institutions. In particular, loans from the Russian sanctioned banks to the Group (other than the Gazprombank loan) in the amount of UZS673,411 million (approximately U.S.\$54.6 million) were assigned by those Russian banks to third-party financial institutions in Russia that are not included in Specially Designated Nationals and Blocked Persons ("**SDN**") list administered by U.S. Office of Foreign Assets and Control. Payments by the Group to these third-party financial institutions comply with the applicable sanctions legislation. As at 30 June 2024, the following loans have not been assigned:

- (i) the outstanding balance of UZS586,898 million (approximately U.S.\$46.7 million) of the loans from DBRB, which matures in 2025-2030; and
- (ii) the outstanding balance of UZS762,098 million (approximately U.S.\$60.7 million) of the loans from Gazprombank, which matured and was repaid on 26 July 2024.

The Group's management believes that the assignment of loans by sanctioned Russian banks to non-SDN third-party financial institutions in Russia, as well as the Bank's servicing of obligations under these assigned loans, does not violate the sanctions regimes of the US, UK or the EU.

Although DBRB and Gazprombank are subject to sectoral sanctions and Gazprombank is also subject to the asset freeze in the UK (binding on UK persons), the Group is permitted to make payments of principal and interest to these entities as the sectoral sanctions restrict such entities from raising money, rather than providing loans and there is no UK nexus to the Gazprombank loan.

The terms of the DBRB loan provide that interest is only payable (together with the principal amount of the loan) on the maturity date and, accordingly, the Group is not presently making any payments to DBRB. Further, the Group is considering requesting DBRB to assign this loan to a non-sanctioned financial institution.

As at the date of this Prospectus, the Group is compliant, and has acted in compliance with, with all applicable sanctions laws. The Group hereby confirms that it does not have any other exposures to any UK sanctioned persons, entities and/or jurisdictions that are not currently disclosed in this Prospectus.

The Bank has also covenanted that it will not directly or indirectly use the proceeds of the offering of the Notes, or lend, contribute or otherwise make available such proceeds to any subsidiary, affiliate joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or target of any sanctions administered or enforced by the US, the UN, the EU, the UK, Hong Kong or any governmental or regulatory authority, institution or agency of any of the foregoing including, without limitation, the United States Department of Treasury's Office of Foreign Assets Control or the United States Department of State, the United Nations Security Council, His Majesty's Treasury, the Hong Kong Monetary Authority or other relevant sanctions authority having jurisdiction over the Issuer (collectively, the "**Sanctions**"), (ii) to fund or facilitate any activities of or business in any country, region or territory that is the subject or target of Sanctions including, but not limited to, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea region of Ukraine, Cuba, Iran, Syria, North Korea (each a "**Sanctioned Country**"), (iii) to fund or facilitate any activities or business in the Russian Federation; (iv) to fund or facilitate any activities of or business of any subsidiary of the Issuer located in, organised or incorporated under the laws of the Russian Federation or of any director, officer, agent, employee or affiliate of such subsidiary or (vi) to repay any moneys borrowed or discharge any other obligations owed to Gazprombank or DBRB or to its subsidiaries or affiliates.

The sanctions regulatory framework is multi-faceted and complex and there is no guarantee that the Group's past transactions with sanctioned counterparties or the Bank's present or future transactions with counterparties in Russia and Belarus would not be determined as falling within the scope of the sanctions regime. Any such determination may expose the Group to the risk of imposition of secondary or other similar sanctions which, in turn, would have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Risks Related to the Bank's Strategy

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

The Bank aims to achieve long-term sustainable growth and profitability of its business by migrating to a customer-centric model, implementing modern IT, expanding its product and optimising its business processes. The Bank's ability to achieve its strategic objectives may be adversely affected by a number of factors, including negative trends in the Uzbekistan economy, the economies of neighbouring countries, the Russia-Ukraine conflict and the overall performance of the global economy. Therefore, there can be no assurance that the Bank will be able to achieve its major strategic objectives, including increasing its revenue or profitability.

Implementing some of the Bank's strategies may also expose the Bank to additional risks. The Bank's strategic focus has historically been on investment financing in priority sectors of the Uzbekistan economy with the provision of banking services mostly to large corporate clients. As part of this strategy, the Bank plans to continue focusing its lending business on large investment projects in priority sectors of the economy, as well as increase the share of retail banking. While the growth of the Bank's retail loan portfolio diversifies its overall loan portfolio, it also tends to increase the credit risk exposure in the loan portfolio, reflecting the high-risk nature of retail clients and respective lending products as well as the generally more limited information available to assess the credit worthiness of such borrowers, see "*Risks Related to the Group's Business and Industry–The Bank may not be able to accurately assess the credit risk of potential and current borrowers or maintain the quality of its loan portfolio*" and "*Risk Factors–Risks Related to the Group's Business and Industry–The Group's loan portfolio is exposed to client, geographical and industry concentration*". A greater degree of risk of default by such customers may result in an increase in overdue amounts and, consequently, in higher loan impairment provisions and thus negatively affect the Bank's profitability.

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

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

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

Notwithstanding the strategic aims, the Bank's overall goal is profitability and accordingly, it may not fulfil certain growth strategic goals if doing so would result in a negative impact on profitability. There can also be no assurance that the anticipated growth in retail loans will offset any deterioration in the quality of the Bank's loan portfolio. Furthermore, the Bank's expansion strategy is expected to be financed by attracting more deposits

(including retail deposits and deposits from private companies), additional borrowings (including in the international capital markets) and possibly additional capital, as well as cash flows provided by operations. However, external financing and the cost of such financing are dependent on numerous factors, many of which are outside of the Bank's control. See "*Risk Factors—Risks Related to the Group's Business and Industry—The Bank faces liquidity and funding risk*". The Bank cannot provide any assurance that it will be able to arrange any such external financing on commercially reasonable terms, if at all, and the Bank's inability to access such funding at favourable rates could adversely affect its ability to implement its strategy. If any of these risks materialise, they could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

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

As at the date of this Prospectus, the Republic of Uzbekistan through the Ministry of Economy and Finance and the UFRD, a state-owned fund, ultimately controls more than 98.8 per cent. of the voting shares and the charter capital of the Bank. In addition, the majority of the members of the Bank's Supervisory Council serve as directors or officers of governmental agencies that regulate the Bank's business. See "*Management*".

The Government is therefore able to determine the outcome of all matters concerning the Bank. Accordingly, the Government could cause the Bank to pursue transactions or to make large dividend payments or other distributions or payments to shareholders that are designed to implement the policy of the Government rather than benefit the Bank or the Noteholders, even though such transactions may involve increased risk for the Bank and, consequently, for the Noteholders. Although the Bank retains autonomy to determine day-to-day commercial matters, the Government prescribes the Bank's overall strategy and, therefore, indirectly the focus of its loan portfolio. The interests of the Government and management may, in some circumstances, conflict with the interests of the Noteholders and any such conflict could have a material adverse effect on the Noteholders' investment in the Notes.

Historically, the Bank assisted the Government in financing infrastructural and development projects for the Uzbekistan's agricultural and manufacturing sectors. The Bank continues to issue loans to state-owned companies operating in those sectors using funding provided by the Government in the form of loans or deposits from the state agencies. Such loans from the Bank to those state-owned companies typically have low margins and interest rates below market rates, thus affecting the Bank's net profit. See "*Business—Competitive Strengths—History of strong shareholder support*". Following the implementation of the Bank's transition strategy and decrease of the state financial support provided to the Bank, it still is directed by the state as its controlling shareholder to invest in subsidiaries or to provide lending to companies and projects which are not commercially viable or at below market rates. In addition, in the past the Group has been directed by the Government to purchase shares in, and participate in financial rehabilitation of, non-banking entities in Uzbekistan, which diverted the Bank's resources from its core banking activities and led to higher operational costs, exposure to non-performing assets, impacting the Bank's overall financial condition. The current divestment from these entities represents the Bank's effort to refocus on its primary banking operations and improve financial stability. However, no assurance can be given that the Bank will not be directed to participate in the financial rehabilitation of other businesses in the future. Therefore, the state might require the Bank to engage in business practices in a way not necessarily consistent with the best interests of the Noteholders and which may negatively affect the Bank's net interest income.

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

The Bank is required to comply with certain financial and other restrictive covenants

The Bank is subject to certain financial and other restrictive covenants under the terms of its indebtedness that impose certain restrictions on the Bank, which may exceed the minimum regulatory thresholds. Failure of the Bank to comply with the contractual ratio levels may lead to breach of covenants under financial facilities. Further, the majority of the loan agreements that the Bank is a party to include cross-default provisions. While the Bank expects to remain compliant with these restrictive covenants, such covenants could limit the Bank's financial and operating flexibility, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

While the Bank endeavours to ensure compliance with all applicable financial covenants and the Bank is currently in compliance with the financial covenants in its loan agreements, in the past, the Bank has breached some of the covenants in its credit facilities. In 2021, the Bank repaid the loans from VTB Bank (Europe) SE in full on their scheduled maturity date. The Bank and EMF Microfinance Fund AGMVK ("**EMF**") have also amended the language of the financial covenants in the EMF loan agreement to eliminate the basis for the breach.

As at 31 December 2021, the Group was in technical breach of the Loan Agreement with China Development Bank ("**CDB**") with respect to the NPL ratio. The Group undertook further assessment of the terms of the CDB loan agreement and engaged with CDB to discuss the same as a result of which the Group and CDB concluded that that the Bank was not in breach of the NPL ratio.

Also, as stated in Note 15 to the 2022 Financial Statements, as at 31 December 2022, the Group was technically in breach of another covenant in the EMF loan agreement. The Group's management has notified EMF of the technical breach and obtained a waiver of the breach until 1 July 2023, which was further extended until 31 October 2023. On 24 October 2023, the Bank and EMF amended the loan agreement removing the covenant which had been previously breached by the Bank. As at the date of this Prospectus, the Bank is fully compliant with the terms of the EMF loan agreement.

In addition, while the Bank is currently in compliance with the financial covenants in its loan agreements, there is no assurance that the Bank will be able to meet the tests imposed by the financial and other restrictive covenants under the terms of its indebtedness or that it will be able to obtain consents to amend or waivers in respect of such covenants in the future. A failure by the Bank to comply with the restrictions and covenants in its existing or future debt and other agreements, may result in a default under the terms of those agreements. In the event of a default under these agreements, the parties may terminate their commitments to further lend to the Bank or accelerate the loans and declare all amounts borrowed due and payable triggering events of default in other finance agreements. Such events may also trigger an event of default under the Notes. If any of these events occurs, the Bank cannot give any assurance that available assets would be sufficient to repay in full all of the Bank's affected indebtedness, or that the Bank would be able to secure alternative financing.

Even if the Bank could obtain alternative financing, there is no assurance that such financing would be on terms that are favourable or acceptable to the Bank and the Group.

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

As a commercial bank and a participant in the Uzbekistan financial sector, the Bank is subject to significant regulation and supervision by the CBU. If regulations change or the Bank expands or alters the structure of its business, the Bank may become subject to additional rules and regulations, which may affect its operations. In November 2019, the significant amendments to the law "*On Banks and Banking Activity*" were introduced. This law introduced changes to, *inter alia*, licencing requirements for banks, reporting and transparency rules, the list of financial operations permitted to be conducted by the banks, etc. See "*The Banking Sector and Banking Regulation in the Republic of Uzbekistan—Recent and Expected Banking Reforms*". In October 2019, a Presidential Decree No. 4487 was adopted mandating Uzbek banks to reduce their share of low-margin loans and increase their share capital. In addition, a new tax code effective from 1 January 2020 (the "**New Tax Code**") introduced a number of amendments which are of particular relevance to the Bank's business and results of operations and could materially adversely affect the Bank's interest margins in respect of the business it carries out with the Government or Government-controlled entities. Furthermore, in June 2020, the CBU issued recommendations to commercial banks with respect to limits on interest rates for retail, corporate and individual entrepreneur loans (provided that any loans issued with rates above such limits were subject to increased risk weighting) and limits on interest rates for retail and corporate deposits. While these limits have ceased to apply with effect from 1 January 2021, no assurance can be given that similar limitation would not be issued in the future.

Future changes in regulation on financial market participants, fiscal or other policies are unpredictable and there could be a delay between the announcement of a change and the publication of detailed rules relating to such change. There can be no assurance that the current regulatory environment in which the Bank operates will not be materially tightened; new or additional requirements or mandatory ratios will not be introduced, including

as a result of a change in government in Uzbekistan; or the Bank will be able to comply with any or all resulting regulations. In addition, there can be no assurance that the current regulatory environment in which the Group operates will not be subject to significant change in the future with respect to competition and anti-monopoly matters. If any of these risks materialise, they could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Bank is subject to certain regulatory ratios and breach of these ratios may subject the Bank to fines and other sanctions imposed by the CBU

Similar to other regulated financial institutions in Uzbekistan, the Bank is required to comply with certain capital adequacy and regulatory ratios based on Uzbekistan GAAP and set by the CBU. The current CBU capital regulation is based on a combination of Basel II and III guidelines, with material regulatory discretion exercised by the CBU reflecting the specifics of the local banking industry. The principal mandatory capital ratios reportable by Uzbekistan banks are the Total Capital Adequacy Ratio of at least 13.0 per cent., Tier I Capital Adequacy Ratio of at least 10.0 per cent. and the Leverage Ratio of at least 6.0 per cent. As noted above, as of the date of this Prospectus, the Bank's reporting methodology differs from the Basel III standards, particularly with respect to the risk-weighting of assets, and the Bank does not intend to report any capital adequacy ratios under Basel III standards and/or based on IFRS during the life of the Notes. Therefore, the Noteholders may face difficulties tracking the Bank's capital adequacy ratios or reconciling them to the ratios promulgated by Basel III. See "*The Banking Sector and Banking Regulation in the Republic of Uzbekistan—Mandatory Ratios*" and "*Operating and Financial Review—Capital Management*".

As at 30 June 2024, the Bank was in compliance with all of the mandatory regulatory ratios set out by the CBU and calculated based on Uzbekistan GAAP. However, should the Bank be in breach of any regulatory ratios, the Bank and its officers may be subject to significant fines and other sanctions applied by the CBU resulting in a material adverse effect on its reputation, business, financial condition, results of operations and prospects. Furthermore, should the CBU increase the minimum prescribed limits for mandatory capital ratios, the Bank may be required to adjust its business mix to conform to more strict capital and liquidity standards, which may limit the Bank's ability to exercise its strategy and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

Transparency International, in their annual corruption reviews, have identified corruption as a problem in Uzbekistan. Of the 180 countries and territories included in the 2023 Corruption Perceptions Index published by Transparency International, Uzbekistan ranked number 121, indicating that a perception of public sector corruption occurring within the country remains widespread. The Bank's management believes that the Bank is in compliance with all applicable anti-corruption, anti-money laundering and anti-terrorist financing laws and regulations. The Bank has procedures and documents aimed at preventing corruption, money laundering and financing of terrorist activities, including a general anti-corruption, anti-money laundering policy and internal control procedures.

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

Risks Related to the Republic of Uzbekistan

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

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

as GDP, inflation, interest and currency exchange rates, as well as unemployment, personal income and the financial situation of companies, have a material impact on customer demand for the Bank's products and services.

Global and regional economic conditions remain volatile, and there is significant economic uncertainty. GDP growth in real terms in Uzbekistan was 6.0 per cent. in 2023, 5.7 per cent. in 2022 and 7.4 per cent. in 2021, according to the State Committee of the Republic of Uzbekistan on Statistics.

According to the IMF's Staff Concluding Statement of the 2024 Article IV Mission published in May 2024, the IMF projects 5.4 per cent. and 5.5 per cent. GDP growth rate in real terms in Uzbekistan in 2024 and 2025, respectively. According to the Asian Development Outlook Update published in April 2024, the Asian Development Bank expects 5.5 per cent. and 5.6 per cent. GDP growth in Uzbekistan in 2024 and 2025, respectively. However, there can be no assurance that such GDP growth will be actually achieved. Weaker economic growth may negatively affect the business and economic prospects of the Bank's clients which, in turn, may adversely affect the Bank's business, financial condition, results of operations and prospects.

Uzbekistan continues to face significant risks to its growth prospects, including risks associated with the exchange rate, financial stability, inflation and capital flight. Market turmoil and economic deterioration in Uzbekistan may cause consumer spending to decline and have a material adverse effect on the liquidity and financial condition of the Bank's customers in Uzbekistan. Despite a stable political environment in Uzbekistan during the current period of economic reforms, there is no guarantee that all the social groups will benefit from the ongoing reforms (given relatively low income per capita in Uzbekistan) or that the reforms will not lead to losses of state-owned enterprises which cease to be shielded from market competition.

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

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

Furthermore, uncertain and volatile global and regional political conditions, such as the ongoing conflict between Russia and Ukraine and failure of a number of financial institutions in the United States and Europe (including Silicon Valley Bank, First Republic Bank and Credit Suisse), anticipated global economic depression and regional geopolitical and military developments, could, in turn, have a significant impact on the Uzbekistan economy. If any of these risks materialise, they could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. See "*The Russia-Ukraine conflict and the sanctions imposed by numerous national and international authorities in response, as well as countermeasures taken by Russia, have had, and will continue to have, an adverse impact on Group's business, financial condition and results of operations*".

Uzbekistan banking sector remains vulnerable to external shocks

As at 1 August 2024, the banking sector of the Republic of Uzbekistan consisted of 36 active commercial banks, comprising 3 wholly state-owned bank, 7 partly state-owned joint-stock commercial banks, 6 banks with foreign capital and 20 private banks. As at 1 August 2024, there was a high level of concentration in the banking sector, with a total of 10 wholly and partly state-owned banks holding 67.0 per cent. of the banking sector's aggregate

assets, 70.0 per cent. of the banking sector's aggregate loans, 62.0 per cent. of the banking sector's aggregate capital and 50.0 per cent. of the banking sector's aggregate deposits, whereas private banks held 33.0 per cent. of the aggregate assets, 38.0 per cent. of the aggregate loans, 35.0 per cent. of the aggregate capital and 50.0 per cent. of the banking sector's aggregate deposits. In addition, a large share of the banking sector's loans is comprised of loans to state-owned companies guaranteed by the state, exposing the sector to high loan concentration and to single borrower risk. Deterioration of the creditworthiness of the largest borrowers which are also key enterprises in the economy may lead to systemic shocks for the economy as a whole and the banking sector in particular.

In addition, as at 1 August 2024, the NPL ratio of the banking sector in Uzbekistan (based on the CBU standards) amounted to 4.2 per cent. The Bank, as well as certain other state banks, implemented IFRS 9 since 1 January 2018, which has led to an overall increase in provisioning levels in the banking sector due to the adoption of forward-looking approach contemplated by IFRS 9. Furthermore, risk management in the Uzbekistan banking sector is at the development stage and has not yet reached international standards. Stress-testing and scoring systems, which have already been implemented based on IMF methodology, identified concentration as the main risk for state-owned banks. See "*The Banking Sector and Banking Regulation in the Republic of Uzbekistan—Mandatory Ratios*".

In 2017, following currency liberalisation, the banking sector also had a high level of loans denominated in U.S. dollars and other foreign currencies, giving rise to risks relating to currency fluctuations. The volume of loans denominated in foreign currencies in Uzbekistan increased from UZS162,663,000 million (49.8 per cent. of total loans issued by Uzbekistan banks) in 2021 to UZS185,118,000 million (47.5 per cent. of total loans issued by Uzbekistan banks) in 2022 and further to UZS212,036,000 million in 2023. According to the CBU, as at 31 December 2023, foreign currency denominated loans in Uzbekistan constituted approximately 44.2 per cent. of total loans in the sector and foreign currency denominated deposits amounted to approximately 28.6 per cent. of the total deposit portfolio of the banking sector.

Therefore, the Uzbek banking sector remains concentrated, vulnerable and susceptible to foreign currency fluctuations and there can be no assurance that future turmoil in the global banking sector and the wider economy will not have a negative effect on the Uzbekistan banking sector and on its participants. A failure or default of any financial institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could prevent the Bank from raising new or additional funds in the capital markets and could also significantly reduce depositors' confidence in the banking industry in general and in the Bank in particular. All of these events could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects and the trading price of the Notes.

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

Since early 2017, the Government has introduced a number of measures aimed at the liberalisation of the Uzbekistan economy and encouraging growth and foreign investment. These reforms include currency and trade liberalisation, reforms of the tax and state budget processes, the restructuring and privatisation of state-owned entities and the reform of the agriculture and financial sectors. To increase the efficiency of the banking sector, the Government is planning a number of further reforms, such as (i) the privatisation of some state-owned banks (however, to the best of the Bank's knowledge, there is no intention to privatise the Bank), including through sales to foreign investors; (ii) the increase in the share of assets held by private banks to 60.0 per cent. by 2025 and (iii) the increase in the share of banks' liabilities to the private sector to 70.0 per cent. by 2025. However, there can be no assurance that such reforms will be successful or sufficient. Deficiencies in the Uzbekistan banking sector may result in the banking sector being more susceptible to future worldwide credit market downturns and economic slowdowns.

It is difficult to forecast how the changes in banking and financial market regulation will affect the Uzbekistan banking system and the Bank, and no assurance can be given that the regulatory system will not change in such a way that will increase the Bank's expenses or impair the Bank's ability to provide a full range of banking services or to compete effectively, thus adversely affecting the Bank's credit ratings, business, financial condition, results of operations and prospects.

The Uzbekistan economy is significantly affected by volatility in international commodity prices

Uzbekistan's economy is significantly affected by volatility in international commodity prices, particularly gold, natural gas and oil. Prices of these commodities are subject to international supply and demand, and prices can be volatile. Political developments, increased use of renewable energy sources that alter fuel or power availability (such as the development of solar and wind power in the Republic of Uzbekistan), technological change and global economic conditions have an indirect impact on demand and, accordingly, prices for these commodities. In addition, exchange rate fluctuations can impact underlying costs and revenues.

Uzbekistan's economy is also indirectly affected by commodity price volatility, as it impacts key trading partners including Russia and Kazakhstan, leading to fluctuations in remittances and trade. Lower prices for gold, natural gas and oil can reduce export revenues for these countries, in turn weakening demand for Uzbek goods and services. Additionally, shifts in global commodity prices can influence energy costs and inflation within Uzbekistan, affecting economic stability.

The strategy "On transition of the Republic of Uzbekistan to a "green" economy in the period of 2019-2030" was approved by a Presidential Resolution of the Republic of Uzbekistan dated 4 October 2019 and entitled "On the programme measures for further development of renewable power generation, enhancement of energy efficiency in sectors of the economy and social sphere for 2017-2021" in order to ensure fulfilment of obligations under the Paris Agreement on climate change signed by Uzbekistan on 19 April 2017. The adoption of such policies related to renewable energy and climate change could lead to constraints on production and supply, access to new reserves and a decline in demand for certain products. Commodity price volatility could, therefore, have a material adverse effect on, among other things, Uzbekistan's GDP growth, Government revenues, balance of payments and foreign trade, thus adversely affecting the Bank's credit ratings, business, financial condition, and results of operations.

Uzbekistan economy is under inflationary pressure

The economy of Uzbekistan is significantly affected by inflationary pressure. Uzbekistan's inflation was 8.8 per cent. in 2023, 12.3 per cent. in 2022 and 10.0 per cent. in 2021, in each case according to the State Committee of the Republic of Uzbekistan on Statistics. Consistently high inflation rates since 2020 were influenced by a number of factors, including economic reforms, the COVID-19 pandemic, simultaneous fluctuations in aggregate demand and supply, sharp fluctuations in global commodity and raw material prices, logistics and delivery disruptions. According to the CBU forecasts, in 2024, the inflation is expected to be in the region of 8.0 to 9.0 per cent. In light of the above, there exists a risk that the CBU, as one of the possible measures aimed at curtailing inflation, may increase the base rate which, in turn, will result in an increase to the cost of funding for the Bank. See "*The Bank faces liquidity and funding risk*". However, there can be no assurance that the target to reduce inflation will be achieved, particularly following the COVID-19 pandemic and the expansionary fiscal and monetary policies pursued by the Government and the CBU in response thereto. Therefore, high and sustained inflation could lead to market instability, financial crises, reductions in consumer purchasing power and the erosion of consumer confidence. Any of these events could lead to decreased demand for the Bank's products and services and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

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

Uzbekistan courts may not enforce a judgment obtained in a court outside Uzbekistan (including the judgment on an arbitral award) unless there is a treaty in effect between the relevant country and Uzbekistan providing

for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty. There is no such treaty in effect between Uzbekistan, the United Kingdom or the United States. Even if an applicable international treaty is in effect or a foreign judgment might otherwise be recognised and enforced on the basis of reciprocity, the recognition and enforcement of a foreign judgment will in all events be subject to exceptions and limitations provided for in Uzbek law.

For example, an Uzbekistan court may refuse to recognise or enforce a foreign arbitral award or a foreign judgment thereon if its recognition or enforcement would be contrary to Uzbekistan public policy. The concept of public policy is not well developed in Uzbekistan; it is possible, however, that such considerations could apply in specific circumstances where, for example, the interests of creditors, employees, the national or local economy, public health and safety or national security are involved. As a result, it may be difficult to obtain recognition or enforcement of a foreign arbitral award or a foreign judgment thereon in respect of the Notes.

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

Corporate governance standards in Uzbekistan differ from those in Western jurisdictions

The Bank is subject to the general corporate governance and disclosure obligations applicable to the joint-stock companies under Uzbek law, including those in the capital markets area. Corporate governance, disclosure and transparency standards applicable to Uzbekistan companies are not of the same standard as those in the United Kingdom, the United States or the European Union. Accordingly, there are fewer protections for investors than would otherwise be the case if the Bank was required to comply with corporate governance principles or standards applicable to companies in the United Kingdom, the United States or the European Union. Furthermore, should the Bank fail to comply with existing corporate governance standards applicable under Uzbek law it could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Risks Related to the Notes

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

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

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

The Notes are pari passu securities

Subject to the restrictions on levels of indebtedness in other agreements and under prudential norms, there is no restriction on the amount of securities the Issuer may issue and which may rank equally in right of payment with the Notes. The issue of any such securities may reduce the amount investors may recover in respect of the Notes

in certain scenarios as the incurrence of additional debt could affect the Issuer's ability to repay principal of, and make payments of interest on, the Notes. This could have a material adverse effect on the trading price of the Notes.

The Notes constitute unsecured obligations of the Issuer

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

There is no public market for the Notes

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

The trading price of the Notes may be volatile

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

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

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

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

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

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

Modification and waivers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There is no current market consensus on what precise attributes are required for a particular project to be defined as 'green' or 'sustainable' and therefore the Opinion, or any third-party opinion, certification or rating (whether or not solicited by the Bank) regarding the Framework, the Notes or any Eligible Green Project may not meet the criteria and expectations of investors regarding environmental impact and sustainability performance. While it is the intention of the Bank to ensure that all Eligible Green Projects follow the Uzbekistan National Green Economy Taxonomy set out in the Decree No. PQ-436 of the President of the Republic of Uzbekistan "On measures to enhance the effectiveness of reforms aimed at transitioning the Republic of Uzbekistan to a green economy by 2030" dated 2 December 2022, the Bank may not meet the investment requirements of certain

environmentally focused investors with respect to the Notes, which may also have consequences for certain investors with portfolio mandates to invest in green assets. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Prospectus regarding the use of proceeds of the Notes.

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

Any such event or failure by the Bank will not: (i) give rise to any claim of a Noteholder against the Bank (the Joint Green Structuring Banks, the Green Structuring Advisor or the Joint Bookrunners); (ii) constitute an event of default under the Conditions or a breach or violation of the Issuer of any term thereof, or constitute a default of the Bank for any purpose; or (iii) lead to a right or obligation of the Issuer to redeem the Notes or be a relevant factor for the Bank in determining whether or not to exercise any optional redemption rights in respect of the Notes or give any Noteholder the right to require redemption of its Notes. Any such event or failure to allocate an amount equivalent to the net proceeds of the Notes for any Eligible Green Projects as aforesaid and/or withdrawal of the Opinion or any such other opinion or certification or any such opinion or certification attesting that the Bank is not complying in whole or in part with any matters for which such opinion or certification is sought may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

No assurance that Eligible Green Projects will be completed or meet their objectives

There can be no assurance that any Eligible Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Bank when making its assessment whether or not to apply any proceeds of Notes (or amounts equal thereto) to such Eligible Green Project.

Accordingly, no assurance is or can be given by the Bank, the Joint Green Structuring Banks, the Green Structuring Advisor or the Joint Bookrunners to investors in Notes that any projects or uses that are the subject of, or related to, any Eligible Green Projects will meet any or all investor expectations regarding such 'green', 'environmental', 'sustainable', 'social' or other equivalently-labelled performance objectives or that any adverse environmental, green, social and/or other impacts will not occur during the implementation of any projects or uses that are the subject of, or related to, any Eligible Green Projects.

No assurance of suitability or reliability of any second party opinion

No assurance or representation is given by the Bank, the Joint Green Structuring Banks, the Green Structuring Advisor or the Joint Bookrunners as to the suitability or reliability for any purpose whatsoever of any opinion, certification or report of any third party (whether or not solicited by the Bank) which may be made available in connection with the issue of any Notes and/or the Framework (as updated from time to time) established by the Bank, and in particular with any Eligible Green Projects to fulfil any environmental, green, sustainability, social and/or other criteria. Any such opinion or certification is not, and should not be deemed to be, a recommendation by the Bank or any other person to buy, sell or hold any Notes. Any such opinion or certification will only be current as of the date on which that opinion is initially issued. As at the date of this Prospectus, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance and suitability of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in any Notes; any such determination that an opinion or certification is not relevant or suitable for its purposes, such Noteholder may decline to purchase or seek to dispose of its interests in the Notes, which in turn could adversely affect the trading price of the Notes.

No assurance that Notes will be admitted to trading on any dedicated sustainable (or similar) segment of any stock exchange or market, or that any admission obtained will be maintained

If any Notes are listed or admitted to trading or otherwise displayed on any dedicated 'green', 'environmental', 'sustainable', 'social' or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Bank, the Joint Green Structuring Banks, the Green Structuring Advisor or the Joint Bookrunners that such listing or admission or display satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, green, sustainability or social impact of any projects or uses that are the subject of, or related to, any Eligible Green Projects or the funding thereof by the Bank. Furthermore, it should be noted that the criteria for any such listing or admission to trading or display may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the Bank, the Joint Green Structuring Banks, the Green Structuring Advisor or the Joint Bookrunners that any such listing or admission to trading or display will be obtained in respect of any Notes or, if obtained, that any such listing or admission to trading or display will be maintained during the life of any Notes. The criteria for acceptance onto any such market may change from time to time. In the event of any actual or anticipated removal of the Notes from any such market, or if access to any such market is sought and refused, that could have a material adverse effect on the market price of any Notes.

No Events of Default related to failure of the Bank to apply an amount equivalent to the net proceeds to finance and/or refinance any Eligible Green Projects

While it is the intention of the Bank to apply an amount equal to the net proceeds of any Notes on a targeted basis for the purposes of financing and/or refinancing Eligible Green Projects, there can be no assurance that the project(s) or use(s) the subject of, or related to, any Eligible Green Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such amounts will be totally or partially disbursed for such Eligible Green Projects. Nor can there be any assurance that such Eligible Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Bank.

Any such event or failure by the Bank to apply an amount equal to the net proceeds of any issue of Notes to finance and/or refinance any Eligible Green Projects and/or any withdrawal of any opinion or certification attesting that the Bank is or is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any Notes no longer being listed or admitted to trading or displayed on any stock exchange or securities market, will not (i) give rise to any claim of a Noteholder against the Bank (or the Joint Green Structuring Banks, the Green Structuring Advisor or the Joint Bookrunners), (ii) constitute an Event of Default under any Notes or a breach or violation of any term thereof, or constitute a default by the Bank for any other purpose, or (iii) lead to a right or obligation of the Bank to redeem any Notes or give any Noteholder the right to require redemption of its Notes.

USE OF PROCEEDS

The net proceeds from the offering of Notes, after payment of commissions and expenses related to the offering of Notes, will be approximately U.S.\$54.3 million.

The Issuer intends to allocate an amount equivalent to the net proceeds of the Notes to finance or re-finance, in whole or in part, Eligible Green Projects in accordance with the Framework (available to view on the Issuer's website at <https://agrobank.uz>, as may be updated from time to time).

The Issuer intends to allocate an amount equal to the net proceeds of the Notes within 24 months from the Issuance Date, such amounts will be credited to a new, dedicated bank account, ring-fenced from regular bond issues, and managed by the Issuer's Treasury Team. The proceeds will be earmarked for allocation to an Eligible Green Projects portfolio, selected in accordance with the evaluation and selection process set out in the Framework. The balance of the net proceeds is expected to be periodically adjusted to match the allocations to Eligible Green Projects during that period.

The Issuer commits to publish a Green Finance Instrument Allocation and Impact Report annually, starting one calendar year after the issuance and until full allocation of the proceeds, and as necessary in the event of material developments. This report is expected to be available on the Issuer's website and will provide details on the environmental and social impacts of the Eligible Green Project Portfolio, highlighting the progress on the allocation of net proceeds.

At the request of the Issuer, Sustainable Fitch has issued the Opinion (available to view on the Issuer's website at <https://agrobank.uz>), confirming alignment of the Framework with the ICMA GBP and the LMA/LSTA/APLMA GLP. The Issuer will also appoint an independent third-party verifier to provide an assurance report on the allocation of net proceeds to Eligible Green Projects annually, starting one year after issuance and until the total allocation of any Green Finance Instrument net proceeds.

No assurance or representation is given by the Issuer, the Joint Green Structuring Banks, the Green Structuring Advisor or the Joint Bookrunners or any other party as to the suitability or reliability for any purpose whatsoever of the Framework, the Opinion or any opinion or certification of any third party (whether or not solicited by the Issuer) made available in connection with the issue of the Notes and, in particular, with any Eligible Green Projects to fulfil any environmental, sustainability, social or other criteria. See "*Risk Factors—Risks Related to the Notes—The Notes may not be a suitable investment for all investors seeking exposure to sustainable assets*" and "*Risk Factors—Risks Related to the Notes—There is no current market consensus on what constitutes a 'green' or 'sustainable' project*".

CAPITALISATION

The following table sets forth the Group's capitalisation as at 30 June 2024. This information should be read in conjunction with the Financial Statements and the notes thereto included elsewhere in this Prospectus and "Operating and Financial Review" and "Use of Proceeds".

	As at 30 June 2024 <hr/> <i>millions soums</i> (unaudited)
Liabilities	
Due to other banks.....	7,107,716
Customer accounts.....	17,705,472
Debt securities issued.....	285,001
Other borrowed funds.....	37,651,258
Lease liabilities.....	16,378
Other liabilities.....	312,761
Subordinated debt.....	256,922
Total liabilities	63,335,508
Equity	
Share capital.....	10,795,237
Additional paid-in capital.....	-
Share premium.....	1,412
Treasury shares.....	(115)
Revaluation reserve for investment securities.....	27,602
Retained earnings.....	812,292
Non-controlling interest.....	3,713
Total equity	11,640,141
Total liabilities and equity	74,975,649

Since 30 June 2024 there has been no material adverse change in the capitalisation or indebtedness of the Group.

The Bank also intends to raise debt financing of up to U.S.\$300,000,000 through a senior unsecured multicurrency syndicated green term loan facility. The proceeds of the loan will be used to finance or refinance the Eligible Green Projects. The lead arrangers for the facility are Standard Chartered Bank, Citibank, N.A., London Branch, Mashreqbank psc, Société Générale and MUFG Bank, Ltd., affiliates of which are also Joint Lead Managers in connection with the Offering.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The financial information set forth below as at and for the six-month periods ended 30 June 2024 and 30 June 2023 and the years ended 31 December 2023, 2022 and 2021 has been extracted without material adjustment from the Financial Statements. The financial data set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and related notes included elsewhere in this Prospectus and "Operating and Financial Review".

Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Six-month period ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021
	<i>million soums</i>				
	(unaudited)				
Interest income calculated using the effective interest method ⁽¹⁾	4,408,004	3,787,075	8,534,494	5,291,620*	4,207,966
Other similar income ⁽¹⁾	146,271	70,887	179,887	21,265*	-
Interest expense	(3,030,902)	(2,278,990)	(5,007,245)	(3,055,490)	(2,522,723)
Net margin on interest and other similar income⁽²⁾	1,523,373	1,578,972	3,707,136	2,257,395	1,685,243
Provision for expected credit losses	(375,201)	(717,166)	(2,084,103)	(1,241,534)	(760,115)
Net margin on interest and other similar income after credit loss allowance⁽³⁾	1,148,172	861,806	1,623,033	1,015,861	925,128
Fee and commission income	385,107	340,451	752,938	853,474	509,711
Fee and commission expense.....	(154,132)	(145,187)	(389,917)	(478,267)	(189,907)
Loss on initial recognition of interest bearing assets.....	(4,161)	(10,012)	(19,173)	-	-
<i>Net gains/(losses) from foreign currencies:</i>					
- dealing transactions.....	96,504	432,087	815,238	776,299	122,730
- translation differences	(15,343)	(21,975)	48,578	13,073	12,992
Dividend income	335	452	2,418	6,366	3,295
Other operating income.....	106,403	39,125	142,672	40,128**	33,607
Share of results in associates ⁽⁴⁾	-	-	1,601	359**	-
(Provision)/recovery for impairment on other non-financial assets	(5,395)	(5,335)	(10,390)	(6,927)	7,847
(Provision)/recovery for expected credit losses on other financial assets and credit related commitments.....	(9,916)	(96,792)	12,678	(7,303)	(6,198)
Administrative and other operating expenses	(1,355,530)	(1,060,199)	(2,595,397)	(1,912,798)	(1,359,423)
Profit before tax.....	192,043	334,421	384,279	300,265	59,782
Income tax (expense) / benefit	(44,768)	(182,221)	(150,713)	(106,807)	10,828
NET PROFIT FOR THE PERIOD / YEAR	147,275	152,200	233,566	193,458	70,610
Profit is attributable to:					
- owners of the Bank.....	151,207	159,338	248,964	199,514	70,610
- non-controlling interests	(3,932)	(7,138)	(15,398)	(6,056)	-
Net profit for the period / year	147,275	152,200	233,566	193,458	70,610
Items that will not be reclassified subsequently to profit or loss					
- net gain arising from revaluation of equity securities.....	2,093	35,116	26,308	-	-
- income tax recorded	(419)	(7,023)	(5,262)	-	-
Other comprehensive income	1,674	28,093	21,046	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR	148,949	180,293	254,612	193,458	70,610
Total comprehensive income is attributable to:					
owners of the Bank.....	152,881	187,431	270,010	199,514	70,610
non-controlling interests	(3,932)	(7,138)	(15,398)	(6,056)	-
Total comprehensive income for the period / year	148,949	180,293	254,612	193,458	70,610
Earnings per ordinary share for profit attributable to the owners of the Bank, basic and diluted in UZS.....	17	22	34	28	16

⁽¹⁾ This item was disaggregated and presented as a separate line item in the 2023 Financial Statements for the year ended 31 December 2023. This line item was aggregated within "interest income" line item in the 2022 Financial Statements.

⁽²⁾ Labelled as "net interest income" in the 2022 Financial Statements.

⁽³⁾ Labelled as "net interest income after provision charge for expected credit losses" in the 2022 Financial Statements.

⁽⁴⁾ This item was disaggregated and presented as a separate line item in the 2023 Financial Statements for. This line item was aggregated within "other operating income" line item in the 2022 Financial Statements.

- * "Interest income calculated using the effective interest method" and "other similar income" for the year ended 31 December 2022 have been disaggregated and presented based on the comparative information for the year ended 31 December 2022 reported in the 2023 Financial Statements.
- ** "Other Operating Income" and "share of results in associates" for the year ended 31 December 2022 have been disaggregated and presented based on the comparative information for the year ended 31 December 2022 reported in the 2023 Financial Statements.

Consolidated Statement of Financial Position

	As at 30 June	As at 31 December		2021
	2024 (unaudited)	2023 <i>million soums</i>	2022 (revised)	
ASSETS				
Cash and cash equivalents.....	5,210,362	4,910,499	4,416,753	3,411,673
Due from other banks	144,202	168,829	187,588	208,872
Loans and advances to customers, including finance lease receivables ⁽¹⁾	65,056,278	57,491,499	44,834,442	32,068,653
Investment in debt securities ⁽²⁾	347,885	231,888	876,065*	-
Investment in equity securities ⁽²⁾	188,163	120,384	30,413*	-
Investment securities ⁽³⁾	-	-	-	1,978,864
Investments in associates	36,485	38,306	52,511	51,744
Deferred income tax assets	256,047	256,302	161,245	114,396
Property, equipment and intangible assets.....	2,871,343	2,826,709	1,974,757	1,261,301
Right-of-use assets.....	15,278	11,031	5,756	7,844
Other assets	756,646	609,937	248,185	322,356
Current income tax prepayment	92,960	8,634	159,953	121,985
TOTAL ASSETS	74,975,649	66,674,018	52,947,668	39,547,688
LIABILITIES				
Due to other banks	7,107,716	5,806,959	2,664,342	994,133
Customer accounts.....	17,705,472	16,030,043	13,642,653	12,257,779
Debt securities issued.....	285,001	160,001	270,001	112,109
Other borrowed funds	37,651,258	32,633,559	26,780,835	16,887,348
Lease liabilities.....	16,378	12,061	6,329	11,342
Other liabilities	312,761	288,499	179,609	217,000
Current income tax liabilities	-	-	153,656	50,690
Subordinated debt.....	256,922	251,705	229,749	221,812
TOTAL LIABILITIES	63,335,508	55,182,827	43,927,174	30,752,213
EQUITY				
Share capital	10,795,237	8,929,005	8,579,005	5,632,829
Additional paid-in capital.....	-	1,866,232	-	2,946,176
Share premium	1,412	1,412	1,412	1,412
Treasury shares.....	(115)	(115)	(115)	(115)
Revaluation reserve for investment securities	27,602	25,928	4,882	4,882
Retained earnings	812,292	661,085	412,267	212,899
Equity attributable to owners of the Bank	11,636,428	11,483,547	8,997,451	8,798,083
Non-controlling interests	3,713	7,644	23,043	(2,608)
TOTAL EQUITY	11,640,141	11,491,191	9,020,494	8,795,475
TOTAL LIABILITY AND EQUITY	74,975,649	66,674,018	52,947,668	39,547,688

⁽¹⁾ Labelled as "loans and advances to customers" in the 2022 Financial Statements.

⁽²⁾ This item was disaggregated and presented as a separate line item in the 2023 Financial Statements. This line item was aggregated within "investment securities" in the 2022 Financial Statement.

⁽³⁾ This item was disaggregated and presented as "investment in debt securities" and "investment in equity securities" line items in the 2023 Financial Statements. This line item was aggregated within "investment securities" in the 2022 Financial Statement.

** "Investment in debt securities" and "investment in equity securities" for the year ended 31 December 2022 have been disaggregated and presented based on the comparative information for the year ended 31 December 2022 reported in the 2023 Financial Statements.

Selected Key Performance Indicators and Alternative Performance Measures

	As at or for the six-month period ended 30 June		As at or for the year ended 31 December		
	2024	2023	2023	2022	2021
%					
Financial Performance					
Return on average assets ⁽¹⁾	0.4	0.5	0.4	0.4	0.2
Return on average equity ⁽²⁾	2.5	3.3	2.4	2.2	1.4
Cost-to-income ratio ⁽³⁾	69.3	47.2	51.6	55.5	62.9
Net Interest Margin ⁽⁴⁾	4.8	6.3	6.9	5.8	5.5
Allowance for impairment / Gross loans ⁽⁵⁾	2.4	3.2	2.9	2.8	3.1
Liquidity					
Total liquid assets ⁽⁶⁾ / total assets	6.9	6.2	7.4	8.3	8.6
Capital Adequacy					
Total Capital Adequacy Ratio ⁽⁷⁾	14.5	17.9	17.4	18.0	22.0
Tier I Capital Adequacy Ratio ⁽⁷⁾	13.4	15.8	15.2	16.0	20.0
Credit Quality					
Non-Performing Loans as a proportion of the gross loans to customers (NPLs ratio) ⁽⁸⁾	5.3	6.1	5.3	7.2	7.8
Non-Performing Loans Coverage ⁽⁹⁾	45.2	52.2	54.4	38.9	40.2
Problem Loans / Gross loans ⁽¹⁰⁾	24.4	38.9	26.3	41.0	16.0
Leverage ratio ⁽¹¹⁾	15.7	14.6	15.7	16.0	20.0

For more details, see "Presentation of Financial Information".

Notes:

- (1) Return on average assets is calculated as profit for the period / year divided by the average balance of total assets. For the six months ended 30 June 2024 and 2023 and for the years ended 31 December 2023, 2022 and 2021, the average balance of total assets is calculated as simple average of total assets as at the beginning of the period and quarter-end balances within each period. For consistency of presentation, the return on average assets for the six months ended 30 June 2024 and 2023 has been multiplied by 2 to be comparable to annual returns, which should not be treated as any forecast of future returns.
- (2) Return on average equity is calculated as profit for the period / year divided by the average of total equity. For the six months ended 30 June 2024 and 2023 and for the years ended 31 December 2023, 2022 and 2021, the average equity is calculated as simple average of total equity as at the beginning of the period and quarter-end balances within each period. For consistency of presentation, the return on average equity for the six months ended 30 June 2024 and 2023 has been multiplied by 2 to be comparable to annual returns, which should not be treated as any forecast of future returns.
- (3) Cost-to-income ratio is calculated as operating expenses divided by operating income. Operating expenses comprises other administrative and operating expenses. Operating income comprises net interest income, net fee and commission income, net gain from dealing transactions and other operating income.
- (4) Net interest margin is calculated as net margin on interest and other similar income divided by average interest-earning assets. For the six months ended 30 June 2024 and 2023 and for the years ended 31 December 2023, 2022 and 2021, the average interest-earning assets is calculated as the simple average of interest-earning assets at the beginning of the period and quarter-end balances within each period. Interest-earning assets include cash and cash equivalents, amounts due from credit institutions, investment debt securities and loans and advances to customers (including finance lease receivables). For consistency of presentation, the net interest margin for the six months ended 30 June 2024 and 2023 has been multiplied by 2 to be comparable to annual net interest margin, which should not be treated as any forecast of future margin.
- (5) Allowance for impairment / Gross loans is calculated as allowance for impairment on loans to customers as at the period end divided by gross loans and advances to customers as at the period end.
- (6) Total liquid assets represent cash and cash equivalents.
- (7) Total Capital Adequacy Ratio and Tier I Capital Adequacy Ratio are calculated based on Uzbekistan GAAP and CBU standards.
- (8) Non-Performing Loans (NPL) comprise loans and advances to customers classified as Stage 3 which include credit-impaired loans due to, among other impairment indicators, overdue payments of principal loan amount and/or interest over 90 days. Level of Group NPLs (NPL Ratio) is calculated as a percentage/proportion of Non-Performing Loans in total gross loans and advances to customers.
- (9) Non-Performing Loans Coverage (NPL coverage ratio) is calculated as the amount of total allowance for impairment for the whole portfolio of loans and advances to customers as at period end divided by the gross carrying value of the Non-Performing Loans as at the period end.
- (10) Problem Loans (sum of Doubtful Loans and Non-Performing Loans) calculated as a percentage of gross loans and advances to customers as at the period end. Doubtful Loans are defined as loans and advances to customers that have shown a significant increase in credit risk since origination (Stage 2 loans).
- (11) Leverage Ratio is calculated as Tier I Capital divided by sum of total assets and off-balance sheet assets (obligations to issue loans, letters of credit and guarantees).

The following table sets forth a reconciliation of costs-to-income ratio for the periods indicated.

	As at or for the six-month period ended 30 June		As at or for the year ended 31 December		
	2024	2023	2023	2022	2021
	<i>(million soums, unless indicated otherwise)</i>				
Net interest income.....	1,523,373	1,578,971	3,707,136	2,257,395	1,685,243
Net fee and commission income.....	230,975	195,264	363,021	375,207	319,804
Other operating income and net gain from dealing transactions.....	202,907	471,212	957,910	816,786	156,337
Operating income	1,957,255	2,245,447	5,028,067	3,449,388	2,161,384
Administrative and other operating expenses	1,355,530	1,060,199	2,595,397	1,912,798	1,359,423
Operating expense	1,355,530	1,060,199	2,595,397	1,912,798	1,359,423
Cost-to-income ratio (%).....	69.3	47.2	51.6	55.5	62.9

Cost-to-income ratio is calculated as operating expenses divided by operating income. Operating expenses comprises administrative and other operating expenses. Operating income comprises net interest income, net fee and commission income, other operating income and net gain from dealing transactions.

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the Bank's financial condition and results of operations covers the six months ended 30 June 2024 and 2023 and the years ended 31 December 2023, 2022 and 2021. Unless otherwise indicated, all of the financial data and discussions thereof are based on the Financial Statements and the unaudited consolidated management accounts. This section should be read together with the Financial Statements and the notes thereto, as well as the other financial information included elsewhere in this Prospectus. See "Presentation of Financial Information".

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

Overview

The Bank was established in 1988 and is a systemically important bank in the Republic of Uzbekistan offering a wide range of banking products, offerings and solutions. According to the CBU, as at 1 August 2024, the Bank was the third largest commercial bank in Uzbekistan by total assets (10.4 per cent. market share) and loan portfolio size (11.8 per cent. market share), second by capital (6.3 per cent. market share), fifth by deposits (6.4 per cent. market share) and twentieth by net profit (0.6 per cent. market share). The Bank is a universal financial institution with a strong shareholder base and a market-focused business model providing a broad spectrum of banking services, including corporate, small and medium enterprises' ("SME") and retail lending, deposits and current accounts, cross-border money transfers, letters of credit, guarantees, foreign exchange operations and other banking products and services.

The Bank operates through its head office in Tashkent and a diversified branch and distribution network which, as at 1 July 2024, included 171 branches, 14 regional offices, 598 self-service 24/7 outlets, 95 banking service centres, 186 exchange points, 217 international money transfer offices, 266 bank cashdesks and 1,468 ATMs supported by an integrated online banking platform and mobile application.

The Bank has historically operated as a state financing vehicle utilising funding provided by state agencies (including UFRD and the Ministry of Economy and Finance for projects in the agricultural and manufacturing sectors of Uzbek economy as well as certain strategic investment projects. It also relied heavily on other forms of state support and funding (including deposits, capital injections and loans – see "*Competitive Strengths – History of Strong Shareholder Support*") and funded some of its operations through financing received from the IFIs.

In 2018, Uzbekistan embarked on a programme of fundamental economic reforms, including changes to the model in which its banking system, in general, and state-owned banks, in particular, operate. As part of this programme, the Bank is transforming its business model to one that is based on the diversification of its funding base (through the increase of the share of customer accounts, syndicated lending and international capital markets) while continuing to rely on the funding provided by the Government as part of implementation of various infrastructure and strategic projects and programmes. Further, the Bank is endeavouring to diversify the composition of its loan portfolio and client base by increasing the share of higher margin loans to companies operating in the developing sectors of the economy in Uzbekistan, including agricultural, manufacturing and retail and further improve its historic relationships with large corporate clients. The Bank is also in the process of rolling out and implementation of a number of innovative banking products, services and e-solutions.

As at 30 June 2024, the Group's total assets comprised UZS74,975,649 million. Total gross loans and advances to customers amounted to UZS66,659,570 million, with gross loans to corporate clients, gross loans to individuals and gross loans to state and municipal organisations accounting for 80.4 per cent., 14.5 per cent. and 5.1 per cent. of total gross loans, respectively. As at 30 June 2024, the Group's total equity constituted UZS11,640,141 million. For the six months ended 30 June 2024, the Group generated net profit of UZS147,275 million.

As at 31 December 2023, the Group's total assets comprised UZS66,674,018 million. Total gross loans and advances to customers amounted to UZS59,200,604 million, with gross loans to corporate clients, gross loans to individuals and gross loans to state and municipal organisations accounting for 75.3 per cent., 18.3 per cent.

and 6.4 per cent. of total gross loans, respectively. As at 31 December 2023, the Group's total equity constituted UZS11,491,191 million. For the year ended 31 December 2023, the Group generated net profit of UZS233,566 million.

The Bank was incorporated as a joint stock commercial bank in 1995 and is registered in the Republic of Uzbekistan, operating under banking licence No. 78 re-issued by the CBU on 2 August 2024. The registered office of the Bank is located at 2a Zokirov Street, Tashkent 100011, Republic of Uzbekistan. The telephone number of the registered office of the Bank is +998 71 202 88 88. As at the date of this Prospectus, the Bank has the following long-term ratings: 'BB-' from Fitch and 'Ba3' from Moody's.

Factors Affecting the Financial Statements

Key factors affecting the Group's financial results for the years ended 31 December 2023, 2022 and 2021 and the six months ended 30 June 2024 and expected to continue to affect the Group's financial results in the future are discussed below.

Macroeconomic Conditions

The majority of the Bank's operations are in Uzbekistan, with 98.5 per cent. and 98.6 per cent. of its financial assets concentrated in Uzbekistan as at 30 June 2024 and 31 December 2023, respectively. Accordingly, the Bank's business and results of operations are affected by general macroeconomic conditions in Uzbekistan, such as Uzbekistan's GDP, inflation, interest, currency exchange and unemployment rates in Uzbekistan and the personal income and financial situation of individuals and companies in Uzbekistan, as well as by global macroeconomic conditions generally. Changes in both the global and domestic environment have in the past resulted in lower liquidity levels across the banking sector, tighter credit conditions for Uzbekistan companies generally and fluctuating global demand for and instability in the price of gold, natural gas, cotton and other commodities and downward pressure on the soum. Global and emerging market uncertainties have continued for the past several years, driven by the impact of COVID-19 pandemic, global monetary policies, high inflation and concerns about the slowdown of global growth rates, global trade tensions and geopolitical risks such as the Russia-Ukraine conflict.

The table below sets forth certain macroeconomic data relating to Uzbekistan for the six months ended 30 June 2024 and the years ended 31 December 2023, 2022 and 2021.

	Six-month period ended	Year ended 31 December		
	30 June 2024	2023	2022	2021
Nominal GDP at current prices, <i>soums billion</i>	567,364.3	1,066,569	888,341.7	734,587.7
Real GDP growth yoy, total (%)	6.4	6.0	5.7	7.4
GDP per capita at current prices, <i>soums thousand</i>	15,347.9	29,291.4	24,919.7	21,039.3
Inflation (%)	10.6	8.8	12.3	10.0
External debt as a% of GDP	27.7	29.2	28.8	30.5
Average exchange rate, <i>soums per U.S. dollar</i>	12,567.1	11,732.2	11,051.2	10,610.0
Nominal GDP, <i>US dollars</i>	45.1	90.8	81.1	69.6

Sources: The Ministry of Economy and Finance of Uzbekistan, the State Committee of the Republic of Uzbekistan on Statistics and the CBU. Actual numbers measured on a yearly basis.

Global and regional economic conditions, including of Uzbekistan, remain volatile, and there is significant economic uncertainty. According to the IMF's Uzbekistan: Staff Concluding Statement of the 2024 Article IV Mission published on May 14, 2024, the IMF projects 5.4 per cent. and 5.5 per cent. GDP growth rate in real terms in Uzbekistan in 2024 and 2025, respectively. According to the Asian Development Outlook Update published in April 2024, the Asian Development Bank expects 5.5 per cent. and 5.6 per cent. GDP growth in Uzbekistan in 2024 and 2025, respectively. However, this remains dependent upon a number of factors, including the geopolitical environment and associated risks, the rate of economic growth in the Central Asia and elsewhere, and the successful implementation of Uzbekistan's economic policies and structural reforms. See "*Risk Factors—Risks Related to the Republic of Uzbekistan — The Bank may be adversely affected by changes in Uzbekistan's economic, political and other conditions*".

Whilst Uzbekistan was one of the three economies in the Europe and Central Asia region to maintain positive economic growth in 2020 despite the impact of COVID-19, Uzbekistan's economy is nonetheless vulnerable to external shocks and the economic performance of its trading partners. In 2021, Uzbekistan economy started to recover from the pandemic, largely due to an increase in household spending and public investments. This was

also supported by the global economic recovery and high prices on global commodity markets. However, prices on certain markets in Uzbekistan and globally increased in response to the economic recovery and prior monetary stimulus, contributing to the inflation in Uzbekistan. In response to temporary external shocks (in particular the conflict between Russia and Ukraine) the CBU increased its policy rate from 14.0 per cent. to 17.0 per cent. in March 2022, but after the normalisation of economic conditions in Uzbekistan it cut the policy rate back to 15.0 per cent. during June-July, and with easing inflationary conditions, the CBU further cut its policy rate to 14.0 per cent. in March 2023. Further phases of tariff increases, as authorities in Uzbekistan seek to achieve full market pricing by 2027-2028, will pose upside risks to inflation. In 2023, the CBU decided to postpone adopting the 5.0 per cent. format inflation target from end-2024 to the second half of 2025, in large part due to inflationary pressures. As at 26 July 2024, the CBU's policy rate is 13.5 per cent. See "*Risk Factors—Risks Related to Republic of Uzbekistan—Uzbekistan's economy is under inflationary pressure*"

Due to the conflict between Russia and Ukraine and growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in the currency markets, as well as a volatility of soum against the US dollar and euro. The expenses of the Group are mostly denominated in soums and, accordingly, are potentially affected by inflation. For example, employee wages have been, and are likely to continue to be, particularly sensitive to monetary inflation in Uzbekistan.

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

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

Ongoing Reform of the Banking System in Uzbekistan

The banking system in Uzbekistan is undergoing a reform under the Decree of the President of the Republic of Uzbekistan PD- 5992 "On the Strategy of Reforming the Banking System" dated 12 May 2020. During the periods under review, further to the objectives set out in the Decree, the Bank carried out certain measures with regard to institutional transformation of the Bank. For example, in collaboration with KPMG International Limited and with assistance from ADB, the Bank developed its current strategy for 2021-2024. This strategy focuses on the transformation of the Bank into a modern financial institution offering its customers a wide range of banking products, services and solutions drawing for the best international standards and practices. At the core of the Bank's strategy is a client-centric business model aimed at the further development of client relationships with its existing corporate clients and expansion into new client and industry sectors. The Bank is finalising its strategy for 2025-2029, developed with the assistance of Ernst & Young, which is expected to be adopted by the end of 2024. The new strategy will focus on financing government programmes, expanding commercial business, enhancing digital banking products and services and integrating ESG principles into the Bank's operations (see "*Business—Strategy—Focus on Environmental, Social and Governance ("ESG") Principles*"). The ongoing banking reform and the corresponding measures implemented by the Bank have continued, and are expected to continue, to impact margins and the results of operations of the Bank. See also "*—Changes in the Size and Composition of the Loan Portfolio*".

Fluctuations in Interest Rates

Changes in interest rates affect the Bank's net interest income, net interest margin and overall results of operations. Interest rates are sensitive to many factors beyond the Bank's control, including the policies of

central banks, such as the CBU, adverse domestic and international economic conditions and political factors. The CBU's main policy interest rate (refinancing rate) was 14.0 per cent. as at 31 December 2023 as compared to 15.0 per cent. and 14.0 per cent. as at 31 December 2022 and 31 December 2021, respectively. In response to the fluctuations of the refinancing rate, UZONIA, the indicator of an average interest rate on the interbank money market decreased from 15.0 per cent. in 2022 to 13.8 per cent. in 2023 and increased to 14.0 per cent. as at 22 May 2024.

The Bank is exposed to risks resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. To the extent that the Bank's liabilities may reprice more frequently than its assets, if interest rates rise, the Bank's interest expense will increase more rapidly than its interest income, which could negatively affect interest margins. The risk of interest rate mismatches is, to a certain extent, mitigated where the Government grants low interest rate loans to the Bank which allows the Bank to improve its interest rate margin levels. However, as noted in "*Business – Strategy – Further diversification of client base and funding sources*", the Bank expects the share of such funding to be gradually reducing in its overall liabilities portfolio. The extent of the Bank's exposure to interest rate fluctuation depends on its ability to maintain appropriate interest rates policy seeking to avoid interest rate mismatches and maintain an appropriate mix between fixed and floating rate borrowings.

Fluctuations in Currency Exchange Rates

The Group is exposed to volatility in foreign currency rates. Assets and liabilities of the Group are denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. As at 31 December 2023, 69.3 per cent. of the Group's gross loans to customers were denominated in soums, 16.3 per cent. in U.S. dollars and 13.5 per cent. in euros. As at 31 December 2023, 59.9 per cent. of the Group's total financial liabilities were denominated in soums, 22.8 per cent. in U.S. dollars and 13.7 per cent. in euros.

Since the CBU liberalised the foreign currency market in 2017, the soum has consistently depreciated against the U.S. dollar. The soum devalued against the U.S. dollar by 1.8 per cent. in the first half of 2024, 9.8 per cent. in 2023, 3.6 per cent. in 2022 and by 3.4 per cent. in 2021. In April 2020, the CBU devalued the soum against the U.S. dollar twice in nine days by a total of 5.2 per cent. in response to significant downward pressure on the soum as a result of measures taken in response to the COVID-19 pandemic and falling energy prices and remittances.

Further, the Group plans to access the international capital markets, which subjects it to risks inherent in currency fluctuations and the uncertainty of these markets as a reliable funding source. Any depreciation of the Uzbek soum against the U.S. dollar could negatively affect the Group in a number of ways, including, among other things, by increasing the actual cost to the Group of financing its U.S. dollar-based liabilities and by making it more difficult for Uzbekistan borrowers to service their U.S. dollar loans. See "*Risk Factors – Risks Related to the Group's Business and Industry – A proportion of the Bank's loan portfolio is denominated in foreign currencies, and the quality of the Group's loan portfolio may deteriorate as a result of slower economic growth and depreciations and devaluations of the soum against the U.S. dollar or other foreign currencies*" and "*– The Bank's operations are subject to interest rate and credit risks*".

Changes in the Size and Composition of the Loan Portfolio

Increases or decreases in the overall size of the Group's loan portfolio and in the mix of its portfolio significantly impact the Group's total interest income and net interest margin. As at 30 June 2024, the Group's gross loans to customers amounted to UZS66,659,570 million, representing a 12.6 per cent. increase as compared to gross loans to customers as at 31 December 2023. As at 31 December 2023, gross loans to customers increased by UZS13,080,118 million, or 28.4 per cent., as compared to 31 December 2022. As at 31 December 2023, the Bank has a balance of UZS43,615,437 million (amounting to 73.7 per cent. of the total loan portfolio) of Stage 1 loans, and a balance of UZS12,443,169 million (amounting to 21.0 per cent. of total loan portfolio) of Stage 2 loans, out of which UZS10,051,981 million are restructured loans. The Group's loan portfolio in soums has continued to increase as a result of overall growth in lending activity, in particular in agricultural and manufacturing sectors, depreciation of soum against the U.S. dollar, general development of the banking sector in Uzbekistan and the expansion of the Group's business in line with its overall strategy.

In addition, in line with the Group's strategy, the focus of the composition of the Group's loan portfolio is gradually shifting away from state financed products. Historically, the Group's loan book and lending strategy was predominantly focused on loans to state and municipal organisations and state-owned companies, which were funded through deposits and loans from the UFRD, the Ministry of Economy and Finance and other state agencies. However, as such loans were typically provided on subsidised terms resulting in low margins, the profitability of these loans to the Group is significantly lower as compared to loans to customers issued at commercial interest rates, which are based on market conditions. As part of the Group's strategy to gradually decrease the share of subsidised loans under the Government programmes in its portfolio and increase profitability and the share of higher-margin products, the Group's the volume of loans issued to private corporate clients was UZS53,570,108 million, UZS44,592,635 million, UZS34,389,737 million and UZS25,358,096 million as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively. The volume of loans issued to retail clients was 9,640,675 million, UZS10,824,847 million, UZS8,535,652 million and UZS5,677,326 million as 30 June 2024, 31 December 2023, 2022 and 2021, respectively.

In line with the strategy of diversification of the loan portfolio, during the periods under review, the Bank has increased the share of actively developing sectors of the economy in its loan book, such as agriculture and manufacturing (the share in the Bank's loan portfolio (total loans and advances to customers, gross) increased to 68.6 per cent. as at 30 June 2024 from 63.5 per cent. as at 31 December 2021) and loans to individuals (the share in the Bank's loan portfolio (total loans and advances to customers, gross) decreased to 14.5 per cent. as at 30 June 2024 from 17.2 per cent. as at 31 December 2021), while maintaining its long-standing relationships with the companies in the Bank's sectors of expertise, including trade and construction sectors.

The total portion of the Group's ten largest borrowers of the Group's loan portfolio decreased as at 30 June 2024 as compared to as at 31 December 2023, and is expected to continue to decrease as the Group plans to provide a significant portion of loan portfolio to more borrowers. As at 30 June 2024, 31 December 2023, 2023 and 2021, the aggregate gross amount of loans to the Group's ten largest borrowers accounted for UZS12,041,824 million (or 18.1 per cent. of gross loan portfolio), UZS11,479,589 million (or 19.4 per cent. of gross loan portfolio), UZS8,347,906 million (or 18.1 per cent. of gross loan portfolio) and UZS5,122,427 million (or 15.5 per cent. of gross loan portfolio), respectively.

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

The level of the Group's NPLs as a percentage of total gross loans to customers was 5.3 per cent., 5.3 per cent., 7.2 per cent. and 7.8 per cent. as at 30 June 2024 and 31 December 2023, 2022 and 2021, respectively. The Bank's NPLs in its state and municipal organisations loan portfolio were 0.3 per cent. as at 30 June 2024, while NPLs in the Bank's corporate and retail loan portfolios accounted for 4.0 per cent. and 1.0 per cent., respectively, of gross corporate and retail loan portfolios as at 30 June 2024. The decrease in share of NPLs primarily reflected the improved quality of the Group's loan portfolio as the Group launched soft collection for problem loans.

As at 30 June 2024, the Bank's allowance for expected credit losses was UZS1,603,292 million, a 6.2 per cent. decrease as compared to UZS1,709,105 million as at 31 December 2023, reflecting the improved quality of the Group's loan portfolio. The Bank's allowance for expected credit losses as at 31 December 2023 increased by 32.9 per cent. as compared to 31 December 2022 due to an increase in the Group's gross loan portfolio. As at 31 December 2022 the Bank's allowance for expected credit losses was UZS1,286,044 million, a 24.5 per cent. increase as compared to 1,032,779 million soums as at 31 December 2021, primarily attributable to a more conservative approach taken in response to the economic uncertainties in response to the COVID-19 pandemic, as well as tighter risk controls and increased provisions. The Bank's management believes that the level of allowance for expected credit loss as at 30 June 2024 covers all significant overdue loans. The Bank's allowance for expected credit loss is classified by three stages. See Note 9 to the Annual Financial Statements and Note 9 to the Interim Financial Statements.

Provision for credit losses on loans and advances to customers decreased by UZS142,247 million for the six months ended 30 June 2024 compared to the six months ended 30 June 2023 as a result of an increase in the Bank's loan portfolio to individuals and legal entities with higher degree of credit risk in line with the Bank's strategy to issue higher-margin loans. See "*Financial Position—Loan Portfolio*". The Bank recorded provision for credit losses on loans and advances to customers of UZS1,709,105 million as at 31 December 2023, a 32.9 per cent. increase as compared to provision of UZS1,286,044 million as at 31 December 2022,

which in turn represented an increase of 24.5 per cent. as compared to a provision of UZS1,032,779 million at 31 December 2021. The changes in the Bank's provision in 2023 and 2022 were mainly due to the growth in the Group's loan portfolio.

Changes in Funding Base

The Group has historically relied on subsidised funding provided by state agencies, such as the UFRD and the Ministry of Economy and Finance, for financing of investment projects in strategic areas, and has otherwise increasingly relied on funding provided by the Government in the form of subsidised loans, deposits, capital injections and state guarantees, as well as borrowings from the IFIs. In line with its current strategy, while continuing to receive funding provided by the Government, the Group intends to increase the portions of other funding bases, such as customer accounts, syndicated loans from foreign financial institutions, interbank lending market and international capital markets. This strategy is aimed at developing the Bank's commercial operations (in addition to its key role in providing subsidised loans in the agriculture sector) and diversifying its financing. This shift in funding sources may increase its funding costs, since these sources generally provide for higher cost of funding compared to subsidised financing from the state.

The share of customer accounts in the Group's total liabilities amounted to 28.0 per cent. as at 30 June 2024, as compared to 29.0 per cent., 31.1 per cent. and 39.9 per cent. as at 31 December 2023, 2022 and 2021, respectively. As at 30 June 2024, the Group's customer accounts amounted to UZS17,705,472 million, representing a 10.5 per cent. increase as compared to 31 December 2023. Customer accounts increased by UZS2,387,390 million, or 17.5 per cent., as at 31 December 2023 as compared to 31 December 2022. As at 30 June 2024, funding from IFIs comprised UZS16,658,433 million, or 26.3 per cent. of the Group's total liabilities compared to UZS16,133,930 million, or 29.2 per cent. as at 31 December 2023 and UZS11,032,988 million, or 25.1 per cent., as at 31 December 2022. In addition, as at 30 June 2024, the share of other borrowed funds from Uzbekistan financial institutions in total liabilities of the Group amounted to 33.1 per cent., as compared to 29.9 per cent. and 35.8 per cent. as at 31 December 2023 and 2022, respectively, largely reflecting the implementation of a number of strategic development projects in Uzbekistan. See "*—Financial Position—Total Liabilities*" and "*Funding*".

Results of Operations for the Six Months Ended 30 June 2024 and 2023

For the six-month period ended 30 June 2024 and 2023, the Group's net profit for the period amounted to UZS147,275 million and UZS152,200 million, respectively.

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

	Six months ended 30 June	
	2024	2023
	<i>million soums</i> (unaudited)	
Interest income calculated using the effective interest method.....	4,408,004	3,787,075
Other similar income.....	146,271	70,887
Interest expense	(3,030,902)	(2,278,990)
Net margin on interest and similar income.....	1,523,373	1,578,972
Provision for expected credit losses	(375,201)	(717,166)
Net margin on interest and similar income after expected credit losses allowances	1,148,172	861,806
Fee and commission income	385,107	340,451
Fee and commission expense	(154,132)	(145,187)
Loss on initial recognition on interest bearing assets	(4,161)	(10,012)
<i>Net gains/(losses) from foreign currencies:</i>		
- dealing transactions	96,504	432,087
- translation differences.....	(15,343)	(21,975)
Dividend income	335	452
Other operating income	106,403	39,125
(Provision)/recovery for impairment of other non-financial assets.....	(5,395)	(5,335)
Provision for expected credit losses on other financial assets and credit related commitments	(9,917)	(96,792)
Administrative and other operating expenses.....	(1,355,530)	(1,060,199)
Profit before tax	192,043	334,421
Income tax expense	(44,768)	(182,221)
Net profit for the period.....	147,275	152,200

Net Margin on Interest and Other Similar Income

For the six months ended 30 June 2024, net margin on interest and other similar income decreased by UZS55,599 million, or 3.5 per cent., to UZS1,523,373 million from UZS1,578,972 million for the six months ended 30 June 2023. The decrease was primarily due to an increase in interest expense for the six months ended 30 June 2024 compared to the six months ended 30 June 2023 (see "*Interest Expense*").

The Group's net interest margin amounted to 4.8 per cent. for the six months ended 30 June 2024, 6.9 per cent. for the year ended 31 December 2023, 5.8 per cent. for the year ended 31 December 2022 and 5.5 per cent. for the year ended 31 December 2021.

Total interest income

For the six months ended 30 June 2024, total interest income increased by UZS696,313 million, or 18.1 per cent., to UZS4,554,275 million from UZS3,857,962 million for the six months ended 30 June 2023 due to an increase in the loan portfolio by UZS13,409,714 million for the six months ended 30 June 2024 compared to the six months ended 30 June 2023 (see "*Financial Position—Total Assets—Loan Portfolio*").

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

	Six-month period ended 30 June			
	2024		2023	
	million soums	% of total	million soums	% of total
	(unaudited)			
Interest income calculated using the effective interest method				
Loans and advances to customers.....	4,359,455	95.7%	3,725,840	96.6%
Investment securities.....	21,185	0.5%	50,190	1.3%
Due from other banks.....	15,512	0.3%	940	0.0%
Cash and cash equivalents.....	11,852	0.3%	10,115	0.2%
Total interest income calculated using the effective interest method...	4,408,004	96.8%	3,787,075	98.2%
Other similar income				
Finance lease receivables.....	146,271	3.2%	70,887	1.8%
Total interest income.....	4,554,275	100%	3,857,962	100%

Interest Expense

For the six months ended 30 June 2024, the Group's interest expense increased by UZS751,912 million, or 33.0 per cent., to UZS3,030,902 million from UZS2,278,990 million for the six months ended 30 June 2023 due to an increase in other borrowed funds for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023 (see "*Financial Position—Total Liabilities—Other borrowed funds*"), reflecting the Group's strategy to diversify its funding base (see "*Key Factors Affecting the Financial Statements—Changes in Funding Base*").

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

	Six-month period ended 30 June			
	2024		2023	
	million soums	% of total	million soums	% of total
	(unaudited)			
Interest expense				
Customer accounts.....	1,090,895	36.0%	865,452	38.0%
Other borrowed funds.....	1,609,119	53.1%	1,245,579	54.7%
Due to other banks.....	287,256	9.5%	133,501	5.9%
Debt securities issued.....	22,677	0.7%	24,844	1.1%
Subordinated debt.....	7,871	0.3%	6,728	0.3%
Other.....	13,084	0.4%	2,886	0.1%
Total interest expense.....	3,030,902	100%	2,278,990	100%

Interest expense on customer accounts increased by UZS225,443 million, or 26.0 per cent., to UZS1,090,895 million for the six months ended 30 June 2024 from UZS865,452 million for the six months ended 30 June 2023. This increase was primarily attributable to (i) an increase in interest rates on customer deposits for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023 as part of the Group's strategy to attract more deposits and increase the Group's liquidity and (ii) an increase in size of customer

deposits for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023 as the Group continued to build its customer base.

Interest expense on other borrower funds increased by UZS363,540 million, or 29.2 per cent., to UZS1,609,119 million for the six months ended 30 June 2024 from UZS1,245,579 million for the six months ended 30 June 2023. This increase was primarily attributable to an increase in the other borrowed funds (see "*Financial Position—Total Liabilities—Other borrowed funds*").

Interest expense on due to other banks increased by UZS153,755 million, or 15.2 per cent., to UZS287,256 million for the six months ended 30 June 2024 from UZS133,501 million for the six months ended 30 June 2023. This increase was primarily attributable to an increase in due to other banks for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023 (see "*Financial Position—Total Liabilities—Due to other banks*"). The Bank accepted more deposits from other banks in the six months ended 30 June 2024 to support its liquidity while the interest rate was lower, as compared to the six months ended 30 June 2023.

Interest expense on debt securities issued decreased by UZS2,167 million, or 8.7 per cent., to UZS22,677 million for the six months ended 30 June 2024 from UZS24,844 million for the six months ended 30 June 2023. This decrease was primarily attributable to a decrease in balance of debt securities issued during the first half 2024 as compared to the first half of 2023. See "*Financial Position—Total Liabilities—Debt securities*".

Interest expense on subordinated debt increased by UZS1,143 million, or 17.0 per cent., to UZS7,871 million for the six months ended 30 June 2024 from UZS6,728 million for the six months ended 30 June 2023. This increase was primarily attributable to an increase in exchange rates from US Dollars to Uzbek Soums.

Other interest expense increased by UZS10,198 million, or 353.4 per cent., to UZS13,084 million for the six months ended 30 June 2024 from UZS2,886 million for the six months ended 30 June 2023. This increase was primarily attributable to an increase in the scope of operations of the Group's subsidiaries and an increase in the number of Group's subsidiaries for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023.

Provision for expected credit losses

For the six months ended 30 June 2024, the Group recorded a provision for expected credit losses in the amount of UZS375,201 a decrease of UZS341,965 million, or 47.7 per cent., as compared to UZS717,166 million for the six months ended 30 June 2023. This decrease was due to an improvement of loan portfolio quality for the six months ended 30 June 2024 compared to the six months ended 30 June 2023 as the Group launched soft collection for problem loans (see "*Factors Affecting the Financial Statements—Quality of Loan Portfolio, Allowance for Expected Credit Losses and Provision for Credit Losses on Loans and Advances to Customers*").

Net Fee and Commission Income

One of the largest sources of the Bank's non-interest income is its fee and commission income. The Bank's fee and commission income comprises primarily commissions generated by settlement transactions, cash operations, foreign settlement operations, operations with plastic cards and other operations.

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

	Six Months Ended 30 June			
	2024		2023	
	<i>million soums</i>	<i>% of total</i>	<i>million soums</i>	<i>% of total</i>
	(unaudited)		(unaudited)	
Fee and commission income				
Settlements transactions	285,055	74.0	258,362	75.9
International money transfers	96,472	25.1	71,800	21.1
Currency conversion transactions	2,749	0.7	331	0.1
Other	831	0.2	9,958	2.9
Total fee and commission income.....	385,107	100.0	340,451	100.0
Fee and commission expense				

Settlement transactions	(118,789)	77.1	(120,203)	82.8
Cash collection	(28,392)	18.4	(19,634)	13.5
Other	(6,951)	4.5	(5,350)	3.7
Total fee and commission expense	(154,132)	100.0	(145,187)	100.0

The Group's total fee and commission income increased by UZS44,656 million, or 13.1 per cent., to UZS385,107 million for the six months ended 30 June 2024 from UZS340,451 million for the six months ended 30 June 2023. This increase was primarily attributable to (i) an increase in fee and commission income from settlement transactions by UZS26,693 million, or 10.3 per cent., to UZS285,055 million for the six months ended 30 June 2024 from UZS258,362 million for the six months ended 30 June 2023, reflecting an increase in volume of visa plastic card transactions, (ii) an increase in fee and commission income from international money transfers by UZS24,672 million, or 34.4 per cent., to UZS96,472 million for the six months ended 30 June 2024 from UZS71,800 million for the six months ended 30 June 2023, reflecting an increase in volume of money transfers by customers as the Group joined new international payment networks through Octobank in 2024, and (iii) an increase in fee and commission income from currency conversion transaction by UZS2,418 million, or 730.5 per cent., to UZS2,749 million for the six months ended 30 June 2024 from UZS331 million for the six months ended 30 June 2023, reflecting an increase in volume of currency conversions by customers due to an unexpected increase in market demand for currency conversions in first half of 2024 as compared to prior periods. These increases were partially offset by a decrease in fee and other commission from other operations (described as "other" in the table above) by UZS9,127 million, or 91.7 per cent., to UZS831 million for the six months ended 30 June 2024 from UZS9,958 million for the six months ended 30 June 2023 as the Group terminated product transactions in 2024 because these products were not efficient.

The Group's total fee and commission expense increased by UZS8,945 million, or 6.2 per cent., to UZS154,132 million for the six months ended 30 June 2024 from UZS145,187 million for the six months ended 30 June 2023. This increase was primarily attributable to (i) an increase in fee and commission expense for cash collection by UZS8,758 million, or 44.6 per cent., to UZS28,392 million for the six months ended 30 June 2024 from UZS19,634 million for the six months ended 30 June 2023, an increase in payment rates and demand for cash collection services and (ii) an increase in fee and commission expense for other operations (described as "other" in the table above) by UZS1,601 million, or 29.9 per cent., to UZS6,951 million for the six months ended 30 June 2024 from UZS5,350 million for the six months ended 30 June 2023, reflecting an increase in demand for using digital government platforms. These increases were partially offset by a decrease in fee and commission expense for settlement transactions by UZS1,414 million, or 1.2 per cent., to UZS118,789 million for the six months ended 30 June 2024 from UZS120,203 million for the six months ended 30 June 2023, as the Group terminated product transactions in 2024 because these products were low-income generating.

Net Gains from Foreign Currencies

For the six months ended 30 June 2024, the Group recorded net gain from foreign currencies of UZS81,161 million, a decrease of UZS328,951 or 80.2 per cent. as compared to UZS410,112 million for the six months ended 30 June 2023. The decrease was primarily due to the suspension of peer-to-peer transactions via the Asia Invest Bank in early 2024 in order to reduce the risks of secondary sanctions, and such transactions generated significant foreign exchange gains in the six months ended 30 June 2023. See "*Factors Affecting the Financial Statements—Currency Fluctuations*".

Dividend Income

For the six months ended 30 June 2024, the Group reported dividend income in the amount of UZS335 million as compared to UZS452 million for the six months ended 30 June 2023, which reflected the declaration and payment of dividends by some of the entities in which the Group holds shares or participatory interest, including Credit Bureau Credit Information Analysis Centre LLC, Mortgage Refinancing Company of Uzbekistan JSC, and Uzbek Republican Currency Exchange JSC.

Other Operating Income

Other operating income increased by UZS67,278 million, or 172.0 per cent., to UZS106,403 million for the six months ended 30 June 2024 from UZS39,125 million for the six months ended 30 June 2023. This increase was mainly due to increases in operating income from (i) trading activities from subsidiaries by UZS36,815 million,

or 184.0 per cent., to UZS56,818 million for the six months ended 30 June 2024 from UZS20,003 million for the six months ended 30 June 2023, reflecting an increase in efficiency and scope of operations of the Group's subsidiaries and an increase in the number of Group's subsidiaries and (iii) gaining on disposal of premises and equipment by UZS12,123 million to UZS12,507 million for the six months ended 30 June 2024 from UZS384 million for the six months ended 30 June 2023, resulting from the sale of cars which had been used for five years in first half of 2024.

Provision for impairment on other non-financial assets

The Group's provision for impairment on other non-financial assets increased by UZS60 million, or 1.1 per cent., to UZS5,395 million for the six months ended 30 June 2024 from UZS5,335 million for the six months ended 30 June 2023. The slight increase was primarily due to an increase in total non-financial assets for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023.

Provision for expected credit losses on other financial assets and credit related commitments

The Group's provision for expected credit losses on other financial assets and credit related commitments decreased by UZS86,876 million, or 89.8 per cent., to UZS9,916 million for the six months ended 30 June 2024 from UZS96,792 million for the six months ended 30 June 2023. The slight increase in was primarily due to a decrease in credit related commitments and an improvement of the overall quality of other financial assets and credit related commitments.

Administrative and other operating expenses

Administrative and other operating expenses for the six months ended 30 June 2024 increased by UZS295,331, or 27.9 per cent. to UZS1,355,530 million from UZS1,060,199 million for the six months ended 30 June 2023 with the increase primarily driven by increases in (i) staff costs by UZS122,621 million, or 20.0 per cent., to UZS736,692 million for the six months ended 30 June 2024 from UZS614,071 million for the six months ended 30 June 2023, reflecting an increase in employees' salaries in accordance with the Government's regulations, (ii) charity by UZS47,114 million, or 211.6 per cent., to UZS69,382 million for the six months ended 30 June 2024 from UZS22,268 million for the six months ended 30 June 2023 as the Group planned to conduct more charity in 2024 compared to 2023 and the Group conducted most of its planned charity for 2024 in the first half of 2024 (iii) security expenses by UZS17,107 million, or 22.5 per cent., to UZS93,220 million for the six months ended 30 June 2024 from UZS76,113 million for the six months ended 30 June 2023, reflecting an increase in 24/7 outlets and ATMs that required security services and (iv) taxes other than income taxes by UZS15,460 million, or 19.8 per cent., to UZS93,679 million for the six months ended 30 June 2024 from UZS78,219 million for the six months ended 30 June 2023, reflecting an increase in employees' salaries.

Income Tax (Expense) / Benefit

Income tax expense for the period decreased by UZS137,453 million, or 75.4 per cent., to UZS44,768 million for the six months ended 30 June 2024 from UZS182,221 million for the six months ended 30 June 2023. This decrease reflected the decrease in profit for tax for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023.

Net Profit for the Period

As a result of the factors described above, the Group's net profit for the period decreased by UZS4,925million, or 3.2 per cent., to UZS147,275 million for the six months ended 30 June 2024 from UZS152,200 million for the six months ended 30 June 2023.

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

For the year ended 31 December 2023, the Group's net profit grew by 20.7 per cent. to UZS233,566 million as compared to UZS193,458 million for the year ended 31 December 2022 which, in turn, represented a 174.0 per cent. increase compared to the net profit for the year ended 31 December 2021.

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

	Year ended 31 December		
	2023	2022	2021
	<i>million soums</i>		
Interest income calculated using the effective interest method ⁽¹⁾	8,534,494	5,291,620	4,207,966
Other similar income ⁽¹⁾	179,887	21,265	-
Interest expense	(5,007,245)	(3,055,490)	(2,522,723)
Net margin on interest and similar income⁽³⁾	3,707,136	2,257,395	1,685,243
Provision for expected credit losses	(2,084,103)	(1,241,534)	(760,115)
Net margin on interest and other similar income after expected credit losses allowances⁽⁴⁾	1,623,033	1,015,861	925,128
Fee and commission income	752,938	853,474	509,711
Fee and commission expense	(389,917)	(478,267)	(189,907)
Loss on initial recognition on interest bearing assets	(19,173)	-	-
<i>Net gains/(losses) from foreign currencies:</i>			
- dealing transactions	815,238	776,299	122,730
- translation differences.....	48,578	13,073	12,992
Dividend income	2,418	6,366	3,295
Other operating income	144,273	40,128	33,607
Share of result of associates ⁽⁵⁾	1,601	359	-
(Provision)/recovery for impairment on other non-financial assets	(10,390)	(6,927)	7,847
Recovery/(provision) for expected credit losses on other financial assets and credit related commitments.....	12,678	(7,303)	(6,198)
Administrative and other operating expenses	(2,595,397)	(1,912,798)	(1,359,423)
Profit before tax.....	384,279	300,265	59,782
Income tax (expense) / benefit	(150,713)	(106,807)	10,828
Net profit for the year	233,566	193,458	70,610

(1) This item was disaggregated and presented as a separate line item in the 2023 Financial Statements for the year ended 31 December 2023. This line item was aggregated within "interest income" line item in the 2022 Financial Statements.

(2) Labelled as "net interest income" in the 2022 Financial Statements.

(3) Labelled as "net interest income after provision charge for expected credit losses" in the 2022 Financial Statements.

(4) This item was disaggregated and presented as a separate line item in the 2023 Financial Statements. This line item was aggregated within "other operating income" line item in the 2022 Financial Statements.

Net Margin on Interest and Other Similar Income

Net margin on interest and other similar income is one of the largest components of the Bank's operating income. For the year ended 31 December 2023, net margin on interest and other similar income increased by UZS1,449,741 million, or 64.2 per cent., to UZS3,707,136 million from UZS2,257,395 million for the year ended 31 December 2022. This increase was primarily as a result of overall growth of the Bank's loan portfolio, which was partially offset by an increase in expense for the year ended 31 December 2023 compared to the year ended 31 December 2022.

For the year ended 31 December 2022, net margin on interest and other similar income increased by UZS572,152 million, or 34.0 per cent., to UZS2,257,395 million from UZS1,685,243 million for the year ended 31 December 2021. The increase was primarily the result of the overall growth of the Bank's loan portfolio, which was partially offset by an increase in interest expense for the year ended 31 December 2022 compared to the year ended 31 December 2021.

The Group's net interest margin amounted to 6.9 per cent., 5.7 per cent. and 5.6 per cent. for the years ended 31 December 2023, 2022 and 2021, respectively.

Total interest income

For the year ended 31 December 2023, total interest income increased by UZS3,401,496 million, or 64.0 per cent., to UZS8,714,381 million from UZS5,312,885 million for the year ended 31 December 2022. For the year ended 31 December 2022, total interest income increased by UZS1,104,919 million, or 26.3 per cent., to UZS5,312,885 million from UZS4,207,966 million for the year ended 31 December 2021.

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

	2023		Year ended 31 December 2022		2021	
	million soums	% of total	million soums	% of total	million soums	% of total
Interest income calculated using the effective interest method						
Loans and advances to customers ⁽¹⁾	8,426,844	96.7	4,935,268*	93.3	3,996,045	95.0
Investment securities.....	90,673	1.0	271,882	5.1	155,250	3.7
Due from other banks.....	16,977	0.2	84,470	1.6	55,776	1.3
Cash and cash equivalents.....	-	-	-	-	895	0.0
Other similar income⁽¹⁾						
Finance lease receivables.....	179,887	2.1	21,265*	0.4	-	-
Total interest income.....	8,714,381	100.0	5,312,885	100.0	4,207,966	100.0

⁽¹⁾ This item was disaggregated and presented as a separate line item in the 2023 Financial Statements. This line item was aggregated within "loans and advances to customers" line item in the 2022 Financial Statements.

* "Loans and advances to customers" and "finance lease receivables" for the year ended 31 December 2022 have been disaggregated and presented based on the comparative information for the year ended 31 December 2022 reported in the 2023 Financial Statements

The increase in the Group's total interest income in 2023 resulted primarily from a UZS3,491,576 million or 70.7 per cent., increase in interest income from loans and advances to customers for the year ended 31 December 2023 as compared to the year ended 31 December 2022. This increase was primarily due to the increase in the size of the loan portfolio and the Group's strategy to focus on high margin loans (commercial loans provided to borrowers on a non-subsidised basis). This increase was partially offset by a decrease in investment securities, reflecting a decrease in size of carrying amount of debit investment securities, and a decrease in due from banks.

The increase in the Group's total interest income in 2022 resulted primarily from a UZS939,223 million, or 23.5 per cent., increase in interest income from loans and advances to customers for the year ended 31 December 2022 as compared to the year ended 31 December 2021. This increase was primarily due to the increase in the size of the loan portfolio and the Group's strategy to focus on high margin loans (commercial loans provided to borrowers on a non-subsidised basis). The increase in the Group's total interest income in 2022 to a lesser extent reflected an increases in investment securities, and due from other banks.

Interest Expense

For the year ended 31 December 2023, the Group's interest expense increased by UZS1,951,755 million, or 63.9 per cent., to UZS5,007,245 million from UZS3,055,490 million for the year ended 31 December 2022. For the year ended 31 December 2022, the Group's interest expense increased by UZS532,767 million, or 21.1 per cent., to UZS3,055,490 million from UZS2,522,723 million for the year ended 31 December 2021.

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

	2023		Year ended 31 December 2022		2021	
	million soums	% of total	million soums	% of total	million soums	% of total
Interest expense						
Customer accounts.....	(1,896,797)	37.9	(1,484,424)	48.6	(1,217,640)	48.3
Other borrowed funds.....	(2,738,983)	54.7	(1,367,154)	44.7	(1,119,523)	44.4
Due to other banks.....	(318,326)	6.4	(154,342)	5.1	(131,287)	5.2
Debt securities issued.....	(41,877)	0.8	(27,183)	0.9	(35,608)	1.4
Subordinated debt.....	(8,269)	0.2	(13,166)	0.4	(12,642)	0.5
Other.....	(2,993)	0.0	(9,221)	0.3	(6,023)	0.2
Total interest expense.....	(5,007,245)	100.0	(3,055,490)	100.0	(2,522,723)	100.0

The increase in the Group's interest expense in 2023 resulted primarily from increases in interest expenses on customer accounts, other borrowed funds, due to other banks and debt securities issued for the year ended 31 December 2023 compared to the year ended 31 December 2022, which was partially offset by decreases in interest expenses on subordinated debt and other interest expenses for the year ended 31 December 2023 compared to the year ended 31 December 2022.

Interest expense on customer accounts increased by UZS412,373 million, or 27.8 per cent., to UZS1,896,797 million for the year ended 31 December 2023 from UZS1,484,424 million for the year ended 31 December

2022. This increase was primarily attributable to an increase in interest rates payable on amounts due to customers to 17 per cent. in 2023 from 16 per cent. in 2022 and the increase in the volume of term deposits to UZS11,428 million in 2023 from UZS9,459 million in 2022. See "*Financial Position—Total Liabilities*".

Interest expense on other borrowed funds increased by UZS1,371,829 million, or 100.3 per cent., to UZS2,738,983 million for the year ended 31 December 2023 from UZS1,367,154 million for the year ended 31 December 2022. This increase was primarily attributable to the incurrence of additional funding from the Ministry of Economy and Finance, UFRD and other Government entities during 2023 to finance state entrepreneurial, agro-industrial and green energy industry development programmes as directed by the Government.

Interest expense on due to other banks increased by UZS163,984 million, or 106.2 per cent., to UZS318,326 million for the year ended 31 December 2023 from UZS154,342 million for the year ended 31 December 2022. This increase was primarily attributable to an increase in due to other banks for year ended 31 December 2023 as compared to the year ended 31 December 2022 (see "*Financial Position—Total Liabilities—Due to other banks*"). The Bank accepted more deposits from other banks in 2023 to support its liquidity while the interest rate was lower, as compared to 2022.

Interest expense on debt securities issued increased by UZS14,694 million, or 54.1 per cent., to UZS41,877 million for the year ended 31 December 2023 from UZS27,183 million for the year ended 31 December 2022, primarily reflected in increase in debt securities issued in 2023 as compared to 2022.

Interest expense on subordinated debt decreased by UZS4,898 million, or 37.2 per cent., to UZS8,269 million for the year ended 31 December 2023 from UZS13,166 million for the year ended 31 December 2022.

Other interest expense decreased by UZS6,227 million, or 67.5 per cent., to UZS2,993 million for the year ended 31 December 2023 from UZS9,221 million for the year ended 31 December 2022. This decrease was primarily attributable to an increase in non-banking activities by the Group's subsidiaries.

The increase in the Group's interest expense in 2022 resulted primarily from increases in interest expenses on customer accounts, other funds, due to other banks, subordinated debt and other expenses for the year ended 31 December 2022 compared to the year ended 31 December 2021, which was partially offset by a decrease in interest expense on debt securities issued for the year ended 31 December 2022 compared to 31 December 2021.

Interest expense on customer accounts increased by UZS266,784 million, or 21.9 per cent., to UZS1,484,424 million for the year ended 31 December 2022 from UZS1,217,640 million for the year ended 31 December 2021. This increase was primarily attributable to an increase in interest rates payable on amounts due to customers to 16 per cent. in 2022 from 16 per cent. in 2021 and the increase in the volume of term deposits to UZS9,459 million in 2023 from UZS8,113 million in 2022. See "*Financial Position—Total Liabilities*".

Interest expense on other borrowed funds increased by UZS247,631 million, or 22.1 per cent., to UZS1,367,154 million for the year ended 31 December 2022 from UZS1,119,523 million for the year ended 31 December 2021. This increase was primarily attributable to the incurrence of additional funding from the Ministry of Economy and Finance, UFRD and other Government entities during 2022 to finance state entrepreneurial, agro-industrial and green energy industry development programmes as directed by the Government. (see "*Financial Position—Total Liabilities*").

Interest expense on due to other banks increased by UZS23,055 million, or 17.6 per cent., to UZS154,342 million for the year ended 31 December 2022 from UZS131,287 million for the year ended 31 December 2021. This increase was primarily attributable to an increase in due to other banks for year ended 31 December 2022 as compared to the year ended 31 December 2021 (see "*Financial Position—Total Liabilities—Due to other banks*"). The Bank accepted more deposits from other banks in 2022 to support its liquidity while the interest rate was lower, as compared to 2021.

Interest expense on debt securities issued decreased by UZS8,425 million, or 23.7 per cent., to UZS27,183 million for the year ended 31 December 2022 from UZS35,608 million for the year ended 31 December 2021. This decrease was primarily attributable to the Group issuing most of its debt securities for the year ended 2022 in the second half of 2022.

Interest expense on subordinated debt increased by UZS524 million, or 4.1 per cent., to UZS13,166 million for the year ended 31 December 2022 from UZS12,642 million for the year ended 31 December 2021. This increase was primarily attributable to an increase in foreign exchange rate of US Dollars to Uzbek Soums.

Other interest expense increased by UZS3,198 million, or 53.1 per cent., to UZS9,221 million for the year ended 31 December 2022 from UZS6,023 million for the year ended 31 December 2021. This decrease was primarily attributable to an increase in non-banking activities by the Group's subsidiaries.

Provision for expected credit losses

For the year ended 31 December 2023, the Group recorded a provision for expected credit losses in the amount of UZS2,084,103 million, an increase of UZS842,569 million, or 67.9 per cent., as compared to UZS1,241,534 million for the year ended 31 December 2022. This increase was primarily attributable to the growth in the Bank's gross loan portfolio. See "*Financial Position—Total Assets—Loan Portfolio*"

For the year ended 31 December 2022, the Group recorded a provision for expected credit losses in the amount of UZS1,241,534 million, an increase of UZS481,419 million, or 63.3 per cent., as compared to UZS760,115 million for the year ended 31 December 2021. This increase was primarily attributable to the growth in the Bank's gross loan portfolio. See "*Financial Position—Total Assets—Loan Portfolio*"

Net Fee and Commission Income

One of the largest sources of the Bank's non-interest income is its fee and commission income, consisting of fees and commissions generated by settlement transactions, international money transfers, currency conversion and other operations. Fee and commission expense consists principally of fees and commission incurred by settlement transactions, cash collections and other operations.

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

	2023		Year ended 31 December 2022		2021	
	million soums	% of total	million soums	% of total	million soums	% of total
Fee and commission income						
Settlements transactions	573,942	76.2	668,972	78.4	438,867	86.1
International money transfers	161,168	21.4	172,675	20.2	61,222	12.0
Currency conversion transactions	15,079	2.0	919	0.1	830	0.2
Other	2,749	0.4	10,908	1.3	8,792	1.7
Total fee and commission income	752,938	100.0	853,474	100.0	509,711	100.0
Fee and commission expense						
Settlement transactions	(350,170)	89.8	(450,214)	94.1	(171,328)	90.2
Cash collection	(29,145)	7.5	(17,740)	3.7	(11,196)	5.9
Other	(10,602)	2.7	(10,313)	2.2	(7,383)	3.9
Total fee and commission expense	(389,917)	100.0	(478,267)	100.0	(189,907)	100.0
Net fee and commission income	363,021		375,207		319,804	

The Group's fee and commission income decreased by UZS100,536 million, or 11.8 per cent., to UZS752,938 million for the year ended 31 December 2023 from UZS853,474 million for the year ended 31 December 2022. This decrease was primarily attributable to (i) a decrease in fee and commission income from settlement transactions by UZS95,030 million, or 14.2 per cent., to UZS573,942 million for the year ended 31 December 2023 from UZS668,972 million for the year ended 31 December 2022, due to termination of some product transactions in 2023 as those products were inefficient and low-income generating (ii) a decrease in fee and commission income from international money transfers by UZS11,507, or 6.7 per cent., to UZS161,168 million for the year ended 31 December 2023 from UZS172,675 million for the year ended 31 December 2022, reflecting a decrease in demand for traditional money transfer services resulting from the increased competition and the emergence of alternative digital money transfer solutions, and (iii) a decrease in fee and commission income from other operations by UZS8,159 million, or 74.8 per cent., to UZS2,749 million for the year ended 31 December 2023 from UZS10,908 million for the year ended 31 December 2022, a decrease in transactions that the Group considered as not profitable. These decreases were partially offset by an increase in fee and other commission from currency conversion transaction by UZS14,160 million, or 1,540.8 per cent., to UZS15,079

million for the year ended 31 December 2023 from UZS919 million for the year ended 31 December 2022, reflecting an unexpected increase in demand for currency conversions for 2023 compared to 2022.

The Group's fee and commission expense decreased by UZS88,350 million, or 18.5 per cent., to UZS389,917 million for the year ended 31 December 2023 from UZS478,267 million for the year ended 31 December 2022. This decrease was primarily attributable to a decrease in fee and commission expense for settlement transactions by UZS100,044 million, or 22.2 per cent., to UZS350,170 million for the year ended 31 December 2023, from UZS450,214 million for the year ended 31 December 2022 as the Group terminated some product transactions in 2024 because these products were low-income generating, which was partly offset by an increase in fee and commission expense for cash collections by UZS11,405 million, 64.3 per cent., to UZS29,145 million for the year ended 31 December 2023 from UZS17,740 million for the year ended 31 December 2022, reflecting an increase in demand and annual payments for cash collection services, and by an increase in fee and commission expense for other operations (described as "other" in the table above) by UZS289 million, 2.8 per cent., to UZS10,602 million for the year ended 31 December 2023 from UZS10,313 million for the year ended 31 December 2022.

The Group's fee and commission income increased by UZS343,763 million, or 67.4 per cent., to UZS853,474 million for the year ended 31 December 2022 from UZS509,711 million for the year ended 31 December 2021. This increase was primarily attributable to (i) an increase in fee and commission income from settlement transactions by UZS230,105 million, or 52.4 per cent., to UZS668,972 million for the year ended 31 December 2022 from UZS438,867 million for the year ended 31 December 2021, reflecting an increase in new product transactions aimed at increase profitability and attract new clients, (ii) an increase in fee and commission income from international money transfers by UZS111,453 million, or 182.0 per cent., to 172,675 million for the year ended 31 December 2022 from UZS61,222 million for the year ended 31 December 2021, reflecting an increase in enhanced service offerings and strategic partnerships with international payment networks, and (iii) a slight increase in fee and commission income from currency conversion transactions by UZS89.0 million, or 10.7 per cent., to UZS919 million for the year ended 31 December 2022 from UZS830 million for the year ended 31 December 2021, an increase in new international currency conversion terminals installed in 2022, and an increase in fee and other commission from other operations (described as "other" in the table above) by UZS2,116 million, or 24 per cent., to UZS10,908 million for the year ended 31 December 2022 from UZS8,792 million for the year ended 31 December 2021, reflecting a slight increase in volume of guarantee transactions in 2022 compared to 2021.

The Group's fee and commission expense increased by UZS288,360 million, or 151.8 per cent., to UZS478,267 million for the year ended 31 December 2022 from UZS189,907 million for the year ended 31 December 2021. This increase was primarily attributable to (i) an increase in fee and commission expense for settlement transactions by UZS278,886 million, or 162.7 per cent., to UZS450,214 million for the year ended 31 December 2022 from UZS171,328 million for the year ended 31 December 2021, reflecting a significant increase in fee and expenses in connection with transactions with plastic cards as a result of increased usage of these cards by customers (ii) an increase in fee and commission expense for cash collections by UZS6,544 million, 58.4 per cent., to UZS17,740 million for the year ended 31 December 2022 from UZS11,196 million for the year ended 31 December 2021, reflecting an increase in rate paid for cash collection services, and (iii) an increase in fee and commission expense for other operations (described as "other" in the table above) by UZS2,930 million, 39.7 per cent., to UZS10,313 million for the year ended 31 December 2022 from UZS7,383 million for the year ended 31 December 2021, reflecting an increase in volume of information technology service transactions.

Net Gains from Foreign Currencies

For the year ended 31 December 2023, the Group recorded net gain from foreign currencies of UZS863,816 million, an increase of UZS74,444 million, or 9.4 per cent. as compared to UZS789,372 million for the year ended 31 December 2022. This increase was primarily attributable to the increase in the volume of dealing transactions, which are cross-border peer-to-peer transactions by individuals.

For the year ended 31 December 2022, the Group recorded net gain from foreign currencies of UZS789,372 million, an increase of UZS653,650 million, or 481.6 per cent. as compared to UZS135,722 million for the year ended 31 December 2021. This increase was primarily attributable to the increase in the volume of dealing transactions, which are cross-border peer-to-peer transactions by individuals. In 2022, the Bank introduced new

products allowing individuals to make cross-border peer-to-peer money transfers, resulting an increase in gain from foreign currency charges in 2022, compared to 2021.

Dividend Income

For the years ended 31 December 2023, 2022 and 2021, the Group reported dividend income in the amount of UZS2,418 million, UZS6,366 million and UZS3,295 million, respectively, which reflected the declaration and payment of dividends by entities in which the Group holds shares or participatory interest, which include: (i) JSC "Uzbek Republican Currency Exchange", "Credit Bureau Credit Information Analysis Centre" LLC, JSC "Uzagrosugurta", JSC "Mortgage Refinancing Company of Uzbekistan", JSC "Uzagrolizing" for the year ended 31 December 2023; (ii) "Uzbek Republican Currency Exchange", "Credit Bureau Credit Information Analysis Centre" LLC, "Bozor, Pul va Kredit" LLC, JSC "Mortgage Refinancing Company of Uzbekistan", JSC "Uzagrosugurta" for the year ended 31 December 2022; (iii) Uzbek Republican Currency Exchange, "Credit Bureau Credit Information Analysis Centre" LLC, JSC "Uzagrosugurta", "Bozor, Pul va Kredit" LLC, JSCB "Microcreditbank", JSC "Mortgage Refinancing Company of Uzbekistan", JSC "Uzagrolizing" for the year ended 31 December 2021.

The Group's dividend income decreased by UZS3,948 million, or 62.0 per cent, to UZS2,418 million for the year ended 31 December 2023 from UZS6,366 million for the year ended 31 December 2022. This decrease was primarily attributable to a decrease in profits from the entities in the respective periods mentioned above.

The Group's dividend income increased by UZS3,071 million, or 93.2 per cent, to UZS6,366 million for the year ended 31 December 2022 from UZS3,295 million for the year ended 31 December 2021. This increase was primarily attributable to an increase in profits from the entities in the respective periods mentioned above.

Share of Results of Associates

The Group's share of profit result of associates increased by UZS1,242 million, or 346.3 per cent., to UZS1,601 million for the year ended 31 December 2023 from UZS359 million for the year ended 31 December 2022. This increase was primarily attributable to "Uzagroservis" JSC and "Sirdaryo Agroservis MTP" LLC.

The Group's share of profit result of associates was UZS359 million for the year ended 31 December 2022 from nil for the year ended 31 December 2021. This change was primarily attributable to the share of profit results of associate was presented within "other operating income" line item in the 2022 Financial Statements (see "*Other operating income*").

Other Operating Income

Other operating income include income from trading activities (pertaining to income generated by Agro Finans Lizing JSC, a wholly owned subsidiary of the Bank, from leasing and selling electric vehicles) rental income from plastic card terminals, income from online products, gain on disposal of premises and equipment and other income.

Other operating income increased by UZS102,544 million, or 255.5 per cent., to UZS142,672 million for the year ended 31 December 2023 from UZS40,128 million for the year ended 31 December 2022. The increase was primarily attributable to an increase in efficiency and scope of operations of the Group's subsidiaries and an increase in the number of Group's subsidiaries for the year ended 31 December 2023 as compared to the year ended 31 December 2022.

Other operating income increased by UZS6,880 million, or 20.5 per cent., to UZS40,128 million for the year ended 31 December 2022 from UZS33,607 million (including share of results of associate which was not reported separately in the 2022 Financial Statements) for the year ended 31 December 2021 (see "*Share of Results of Associates*"). The increase was primarily attributable to an increase in efficiency and scope of operations of the Group's subsidiaries and an increase in the number of Group's subsidiaries for the year ended 31 December 2022 as compared to the year ended 31 December 2021.

Provision or recovery for impairment on other non-financial assets

Other non-financial assets include inventories that the Group considered to be impaired.

The Group's provision for impairment on other non-financial assets increased by UZS3,463 million, or 50.0 per cent, to UZS10,390 million for the year ended 31 December 2023 from UZS6,927 million for the year ended 31 December 2022. This increase was primarily attributable an increase in non-financial assets in 2023 compared to 2022.

The Group's provision for impairment on other non-financial assets for the year ended 31 December 2022 was UZS6,927 million as compared to recovery for impairment on other non-financial assets of UZS7,847 million for the year ended 31 December 2021. This increase was primarily attributable a decrease in non-financial assets in 2023 compared to 2022.

Provision or recovery for expected credit losses on other financial assets and credit related commitments

Other non-financial asset and credit related commitment include letters of credit, financial guarantee issued, commission receivables, trade receivables, receivable from money transfer organisations, accounts receivable from payment service organizations in accordance with IFRS 9.

The Group's recovery for expected credit losses on other financial assets and credit related commitments was UZS12,678 million for the year ended 31 December 2023 as compared to provision for expected credit losses on other financial assets and credit related commitments of UZS7,303 million for the year ended 31 December 2022. This increase change was primarily due to a decrease in total credit related commitments and improvement of quality of these financial assets and credit related commitments for the year ended 31 December 2023 as compared to the year ended 31 December 2022.

The Group's provision for expected credit losses on other financial assets and credit related commitments increased by UZS1,105 million, or 17.8 per cent., to UZS7,303 million for the year ended 31 December 2022 from UZS6,198 million for the year ended 31 December 2021. This increase was primarily due to an increase in total credit related commitments for the year ended 31 December 2023 as compared to the year ended 31 December 2022.

Administrative and Other Operating Expenses

The main components of the Group's administrative and other operating expenses are staff costs (including state pension contributions), depreciation and amortisation, taxes other than income taxes, securities expenses, advertising and marketing expenses, charity, cost of maintenance of premises, consulting and audit expenses, utilities, business trip expenses, postage, telephone and fax expenses, membership fees, rent expenses (for short-term lease and leases of low value assets), insurance, fuel expenses, loss on sale or disposal of assets and other expenses.

Administrative and other operating expenses increased by UZS682,599 million, or 35.7 per cent., to UZS2,595,397 million for the year ended 31 December 2023 from UZS1,912,798 million for the year ended 31 December 2022. This increase was primarily attributable to (i) an increase in staff costs by UZS431,786 million, or 39.8 per cent., to UZS1,517,763 million for the year ended 31 December 2023 from UZS1,085,977 million for the year ended 31 December 2022, primarily as a result of the increase in salary rates and bonuses due to an increase in headcount and average salaries, (ii) an increase in depreciation and amortisation by UZS48,671 million, or 30.0 per cent., to UZS210,741 million for the year ended 31 December 2023 from UZS162,070 million for the year ended 31 December 2022, reflecting an increase in the Group's furniture, fixtures and equipment, and (iii) an increase in taxes other than income taxes by UZS65,907 million, or 51.5 per cent., to UZS193,981 million for the year ended 31 December 2023 from UZS128,074 million for the year ended 31 December 2022, primarily as reflecting an increase in employees' salaries. These increases were partially offset by a decrease in insurance expense by UZS28,653 million, 72.8 per cent., to UZS10,587 million for the year ended 31 December 2023 from UZS39,340 million for the year ended 31 December 2022, primarily reflecting a decrease in utilising insurance services.

Administrative and other operating expenses increased by UZS553,375 million, or 40.7 per cent., to UZS1,912,798 million for the year ended 31 December 2022 from UZS1,359,423 million for the year ended 31 December 2021. The increase was primarily attributable to (i) an increase in staff costs by UZS274,294 million, or 33.8 per cent., to UZS1,085,977 million for the year ended 31 December 2022 from UZS811,683 million for the year ended 31 December 2021, reflecting an increase in headcount, average salaries, the payment of KPI-linked bonuses, (ii) an increase in advertising and marketing services expense by UZS70,869 million, or 937.3

per cent., to UZS78,430 for the year ended 31 December 2022 from UZS7,561 million for the year ended 31 December 2021, primarily reflecting an increase use of advertising services, (iii) an increase in depreciation and amortisation by UZS39,849 million, or 32.6 per cent., to UZS162,070 million for the year ended 31 December 2022 from UZS122,221 million for the year ended 31 December 2021, primarily reflecting an increase in the Group's assets and (iv) an increase in security expense by UZS33,437 million, or 32.4 per cent., to UZS136,636 million for the year ended 31 December 2022 from UZS103,199 million for the year ended 31 December 2021, reflecting an increase in 24/7 outlets and ATMs requiring security services.

Income Tax (Expense) / Benefit

For the year ended 31 December 2023, the Group's income tax expense increased by UZS43,906 million, or 41.1 per cent., to UZS150,713 million for the year ended 31 December 2023 from UZS106,807 million for the year ended 31 December 2022. The increase primarily reflected an increase in profit before tax for the year ended 31 December 2023 as compared to the year ended 31 December 2022.

For the year ended 31 December 2022, the Group recorded income tax expense of UZS106,807 million as compared to tax benefit of UZS10,828 million for the year ended 31 December 2021. The income tax expense for the year ended 31 December 2022 reflected an increase in profit before tax in the year ended 31 December 2022 as compared to the year ended 31 December 2021.

Net Profit for the Year

As a result of the aforementioned factors, the Group's net profit for the year increased by UZS40,108 million, or 20.7 per cent., to UZS233,566 million for the year ended 31 December 2023 from UZS193,458 million for the year ended 31 December 2022.

As a result of the aforementioned factors, the Group's net profit for the year increased by UZS122,848 million, or 174.0 per cent., to UZS193,458 million for the year ended 31 December 2022 from UZS70,610 million for the year ended 31 December 2021.

Financial Position

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

The table below sets forth the expected maturity of the Bank's financial assets and liabilities as at 30 June 2024:

	Demand less than one month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	5,135,031	75,331	-	-	5,210,362
Due from other banks	87,072	-	-	57,130	144,202
Loans and advances to customers, including finance lease receivables.....	9,478,303	17,409,810	14,448,965	23,719,200	65,056,278
Investment in debt securities	-	153,869	194,016	-	347,885
Other financial assets.....	28,578	-	-	-	28,578
Total financial assets	14,728,984	17,639,010	14,642,981	23,776,330	70,787,305
Financial liabilities					
Due to other banks.....	3,810,487	1,185,289	1,004,660	1,107,280	7,107,716
Customer accounts.....	4,798,417	4,647,361	5,013,881	3,245,813	17,705,472
Debt securities issued	1	120,000	120,000	45,000	285,001
Other borrowed funds.....	3,798,512	11,550,234	9,110,389	13,192,123	37,651,258
Lease liabilities.....	743	3,734	1,886	10,015	16,378
Other financial liabilities	110,344	-	-	-	110,344
Subordinated debt.....	5,819	-	-	251,103	256,922
Total financial liabilities.....	12,524,323	17,506,618	15,250,816	17,851,334	63,133,091
Net liquidity gap based on expected maturities	2,204,661	132,392	(607,835)	5,924,996	7,654,214
Cumulative liquidity gap at 30 June 2024 (unaudited)	2,204,661	2,337,053	1,729,218	7,654,214	

The table below sets forth the expected maturity of the Bank's financial assets and liabilities as at 31 December 2023:

	Demand less than one month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	4,910,499	-	-	-	4,910,499
Due from other banks	97,653	-	3,742	67,434	168,829
Loans and advances to customers, including finance lease advances	7,914,554	7,325,720	15,500,807	26,750,418	57,491,499
Investment in debt securities	49,396	78,242	104,250	-	231,888
Other financial assets	36,294	-	-	-	36,294
Total financial assets	13,008,396	7,403,963	15,608,799	26,817,852	62,839,009
Financial liabilities					
Due to other banks	2,569,573	838,357	1,073,220	1,325,809	5,806,959
Customer accounts	3,775,527	3,369,466	4,976,866	3,908,183	16,030,043
Debt securities issued	1	-	120,000	40,000	160,001
Other borrowed funds	2,417,248	4,496,021	13,295,837	12,424,453	32,633,559
Lease liabilities	443	1,704	1,471	8,443	12,061
Other financial liabilities	85,863	-	-	-	85,863
Subordinated debt	4,929	-	-	246,775	251,705
Total financial liabilities	8,853,585	8,705,548	19,467,394	17,953,663	54,980,191
Net liquidity gap based on expected maturities	4,154,811	(1,301,585)	(3,858,595)	8,984,572	7,979,202
Cumulative liquidity gap at					
31 December 2023	4,154,811	2,853,226	(1,005,369)	7,979,203	

Total Assets

As at 30 June 2024, the Group had total assets of UZS74,975,649 million, an increase of UZS8,301,631, or 12.5 per cent., as compared to UZS66,674,018 for the year ended 31 December 2023, which was in turn an increase by UZS13,726,350 million, or 25.9 per cent., as compared to UZS52,947,668 million as at 31 December 2022, which was in turn an increase by UZS13,399,980 million, or 33.9 per cent., as compared to UZS39,547,688 million as at 31 December 2021.

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

	As at 30 June 2024 (unaudited)	2023	As at 31 December 2022	2021
			<i>million soums</i>	
Cash and cash equivalents	5,210,362	4,910,499	4,416,753	3,411,673
Due from other banks	144,202	168,829	187,588	208,872
Loans and advances to customers, including finance lease receivables ⁽¹⁾	65,056,278	57,491,499	44,834,442	32,068,653
Investment in debt securities ⁽²⁾	347,885	231,888	876,065*	-
Investment in equity securities ⁽²⁾	188,163	120,384	30,413*	-
Investment securities ⁽³⁾	-	-	-	1,978,864
Investment in associates	36,485	38,306	52,511	51,744
Deferred income tax assets	256,047	256,302	161,245	114,396
Property, equipment and intangible assets	2,871,343	2,826,709	1,974,757	1,261,301
Right-of-use assets	15,278	11,031	5,756	7,844
Other assets	756,646	609,937	248,185	322,356
Current income tax prepayment	92,960	8,634	159,953	121,985
Total assets	74,975,649	66,674,018	52,947,668	39,547,688

(1) Labelled as "loans and advances to customers" in the 2022 Financial Statements.

(2) This item was disaggregated and presented as a separate line item in the 2023 Financial Statements. This line item was aggregated within "investment securities" in the 2022 Financial Statement.

(2) This item was disaggregated and presented as "investment in debt securities" and "investment in equity securities" line items in the 2023 Financial Statements. This line item was aggregated within "investment securities" in the 2022 Financial Statement.

- * "Investment in debt securities " and "investment in equity securities" for the year ended 31 December 2022 have been disaggregated and presented based on the comparative information for the year ended 31 December 2022 reported in the 2023 Financial Statements.

Loan Portfolio

Loans and advances to customers, including finance lease receivables (net of ECL provision) is the largest component of the Group's total assets, accounting for 86.8 per cent., 86.2 per cent., 84.7 per cent. and 81.1 per cent. of total assets as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively.

General

The following table sets forth the Group's loans and advances to customer, including finance lease receivables (net of ECL provision) s as at the dates set forth below.

	As at 30 June 2024 (unaudited)	2023	As at 31 December 2022	2021
Corporate loans	53,570,108	44,592,635	34,389,737	25,358,096
Individuals.....	9,640,675	10,824,847	8,535,652	5,677,326
State and municipal organisations	3,448,787	3,783,122	3,195,097	2,066,010
Total loans and advances to customers, gross	66,659,570	59,200,604	46,120,486	33,101,432
Less: ECL provision	(1,603,292)	(1,709,105)	(1,286,044)	(1,032,779)
Total loan and advances to customers.....	65,056,278	57,491,499	44,834,442	32,068,653

As at 30 June 2024, the Group's loans and advances to customers amount to UZS65,056,278 million, representing an increase by UZS7,564,779 million, or 13.2 per cent., from UZS57,491,499 million as at 31 December 2023. The increase was primarily due to an increase in agriculture loans during the first half of 2024 due to seasonality of loans for cotton and grain productions as the demand for these loans usually peaks in June each year and decreases thereafter as the harvest season starts.

As at 31 December 2023, the Group's loans and advances to customers amounted to UZS57,491,499 million, representing an increase by UZS12,657,057 million, or 28.2 per cent., from UZS44,834,442 million as at 31 December 2022, which in turn represented an increase by UZS12,765,789 million, or 39.8 per cent., from UZS32,068,653 million as at 31 December 2021. The increases in both periods reflected increased demand for the Group's loans from both corporate and individual clients (in particular, companies operating in the agricultural and manufacturing sectors.

Corporate loans represent the largest portion of the Group's loan portfolio, accounting for 80.4 per cent, 75.3 per cent., 74.6 per cent. and 76.6 per cent. of gross total loans and advances to customers as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively. Corporate loans increased by UZS8,997,473 million, or 20.1 per cent., to UZS53,570,108 million as at 30 June 2024 from UZS44,592,635 million as at 31 December 2023. Corporate loans increased by UZS10,202,898million, or 29.7 per cent., to UZS44,592,635 million as at 31 December 2023 from UZS34,389,737 million as at 31 December 2022. Corporate loans increased by 9,031,641 million, or 35.6 per cent., to UZS34,389,737 million as at 31 December 2022 from UZS25,358,096 million as at 31 December 2021. The increases in corporate loans during the periods under review reflected the continuing lending activities and increased demand by legal entities for the Group's loan products as a result of continued economic growth of Uzbekistan and market opportunities of corporate clients for expansion. The Group historically focused on financing a number of strategic industries in the Republic of Uzbekistan, including the agricultural and manufacturing sectors.

Loans to individuals represent 14.5 per cent., 18.3 per cent., 18.5 per cent. and 17.2 per cent. of gross total loans and advances to customers as at 30 June 2024, 31 December 2023, 2022 and 2021. Loans to individuals decreased by UZS1,184,172 million, or 10.9 per cent., to UZS9,640,675 million as at 30 June 2024 from UZS10,824,847 million as at 31 December 2023, primarily reflecting the suspension of loans under "Every Family – Entrepreneur" state programme in the first half of 2024. Loans to individuals increased by UZS2,289,195 million, or 26.8 per cent., to UZS10,824,847 million as at 31 December 2023 from UZS8,535,652 million as at 31 December 2022, reflecting an increase in lending activities from individuals and the expansion of the state programme "Every Family – Entrepreneur". Loans to individuals increased by UZS2,858,326 million, or 50.3 per cent., to UZS8,535,652 million as at 31 December 2022 from UZS5,677,326

million as at 31 December 2021, reflecting an increase in lending activities from individuals and the expansion of the state programme "Every Family – Entrepreneur".

Loans and advances to state and municipal organisations accounted for 5.2 per cent., 6.4 per cent., 6.9 per cent. and 6.2 per cent. of gross total loans and advances to customers as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively. Loans and advances to state and municipal organisations decreased by UZS334,335 million, or 8.8 per cent., to UZS3,448,787 million as at 30 June 2024 from UZS3,783,122 million as at 31 December 2023. Loans and advances to state and municipal organisations increased by UZS588,025 million, or 18.4 per cent., to UZS3,783,122 million as at 31 December 2023 from UZS3,195,097 million as at 31 December 2022. Loans and advances to state and municipal organisations increased by UZS1,129,087 million, or 54.7 per cent., to UZS3,195,097 million as at 31 December 2022 from UZS2,066,010 million as at 31 December 2021. These increases reflected the increased demand for the Group's loan products from state and municipal organisations, which was in turn primarily due to increases in public sector projects conducted by the Government.

Distribution of Loans by Economic Sectors

Historically, the Bank operated as one of the principal financing agents of the Government in the implementation of the Government's credit and finance policy in the manufacturing and agricultural sectors through increasing the availability of affordable credit to companies, SMEs and individual entrepreneurs operating in these and related sub-sectors of the Uzbek economy. The following table sets for the distribution of the Group's loans to customers by sector as at the dates set forth below.

	As at 30 June 2024		2023		As at 31 December 2022		2021	
	million soums (unaudited)	% of total	million soums	% of total	million soums	% of total	million soums	% of total
Agriculture	23,991,551	36.0	17,457,815	29.5	12,519,398	27.1	10,074,155	30.4
Manufacturing	21,763,079	32.6	21,219,800	35.8	16,763,017	36.3	10,970,758	33.1
Individuals	9,640,675	14.5	10,824,847	18.3	8,535,651	18.5	5,677,326	17.2
Trade.....	7,246,848	10.9	5,526,178	9.3	4,422,306	9.6	3,609,835	10.9
Construction.....	2,057,145	3.1	1,956,309	3.3	1,633,939	3.5	1,149,561	3.5
Other.....	1,960,272	2.9	2,215,655	3.8	2,246,175	4.9	1,619,797	4.9
Total loans and advances to customers, gross	66,659,570	100.0	59,200,604	100.0	46,120,486	100.0	33,101,432	100.0

The agriculture and manufacturing sectors have historically accounted for the largest share of the Group's loan portfolio, collectively accounting for 68.6 per cent., 65.3 per cent., 63.4 per cent. and 63.5 per cent. of the total gross loans issued by the Group as at 30 June 2024, 31 December 2023, 2022 and 2021. The shares of the Group's loans in agriculture and manufacturing sectors remained stable during the periods under review reflected the Group's key focus in these sectors. In line with the Group's strategy to expand the Bank's retail banking operations while maintaining its long-standing relationships with the companies in the agriculture and manufacturing sectors, the share of loans portfolio to individuals increased to 18.3 per cent. as at 31 December 2023 from 17.2 per cent. as at 31 December 2021. The share of loans portfolio to individuals decreased to 14.5 per cent. as at 30 June 2024 due to the suspension of loans under "Every Family – Entrepreneur" state programme in first half of 2024.

As at 30 June 2024, 31 December 2023, 2022 and 2021, the aggregate gross amount of loans to the Group's ten largest borrowers accounted for UZS12,041,824 million (or 18.1 per cent. of gross loan portfolio), UZS11,479,589 million (or 19.4 per cent. of gross loan portfolio), UZS8,347,906 million (or 18.1 per cent. of gross loan portfolio) and UZS5,122,427 million (or 15.5 per cent. of gross loan portfolio), respectively.

Distribution of Loans by Maturity

The table below sets forth the expected maturity of the Group's loans and advances to customers, including finance lease receivables (net of ECL provision) as at the dates indicated:

	Demand less than one month		From 1 to 6 months		From 6 to 12 months		Over 12 months		Total	
	<i>(million soums except for percentages)</i>									
As at 30 June 2024	9,478,303	14.6%	17,409,810	26.8%	14,448,965	22.2%	23,719,200	36.4%	65,056,278	100%
As at 31 December 2023	7,914,554	13.8%	7,325,720	12.7%	15,500,807	27%	26,750,418	46.5%	57,491,499	100%
As at 31 December 2022	5,571,213	12.4%	8,752,915	19.5%	12,668,086	28.3%	17,842,228	39.8%	44,834,442	100%
As at 31 December 2021	1,888,768	5.9%	8,054,932	25.1%	7,051,100	22.0%	15,073,853	47.0%	32,068,653	100%

Distribution of Loans by Currency

The Group's loan portfolio has historically been predominantly soum-denominated but a proportion of the loan portfolio is denominated in U.S. dollars and Euros. See "*Risk Factors—Risks Related to the Group's Business and Industry – A proportion of the Bank's loan portfolio is denominated in foreign currencies, and the quality of the Group's loan portfolio may deteriorate as a result of slower economic growth and depreciations and devaluations of the soum against the U.S. dollar or other foreign currencies*".

The following table sets forth distribution the Group's loan portfolio by currency as at the dates set forth below.

	As at 30 June 2024		2023		As at 31 December 2022		2021	
	<i>million soums</i>	<i>% of total</i>	<i>million soums</i>	<i>% of total</i>	<i>million soums</i>	<i>% of total</i>	<i>million soums</i>	<i>% of total</i>
	<i>(unaudited)</i>							
Soum	47,392,480	71.1	41,062,561	69.4	33,961,261	73.6	24,004,207	72.5
Corporate	34,769,633	52.2	26,972,881	45.6	22,801,013	49.4	16,943,725	51.2
Individuals	9,640,675	14.5	10,824,847	18.3	8,535,652	18.5	5,677,326	17.1
State and Municipal organizations	2,982,172	4.5	3,264,833	5.5	2,624,596	5.7	1,383,156	4.2
USD	10,082,765	15.1	9,669,342	16.3	7,764,469	16.9	6,401,340	19.3
Corporate	9,823,107	14.7	9,360,451	15.8	7,378,736	16.0	5,922,686	17.9
Individuals	0	0	0	0	0	0	0	0
State and Municipal organizations	259,658	0.4	308,891	0.5	385,733	0.9	478,654	0.4
Euro	8,148,987	12.2	8,008,275	13.5	4,394,756	9.5	2,695,885	8.2
Corporate	7,942,792	11.9	7,799,571	13.2	4,209,988	9.1	2,491,686	7.5
Individuals	0	0	0	0	0	0	0	0
State and Municipal organizations	206,195	0.3	208,704	0.3	184,768	0.4	204,199	0.7
Other currency	1,035,338	1.6	460,426	0.8	-	0	-	0.0
Corporate	1,034,576	1.6	459,731	0.8	0	0	0	0
Individuals	0	0	0	0	0	0	0	0
State and Municipal organizations	762	0	695	0	0	0	0	0
Total loans and advances to customers	66,659,570	100.0	59,200,604	100.0	46,120,486	100.0	33,101,432	100.0

Loans to customers denominated in soums accounted for 71.1 per cent., 69.4 per cent., 73.6 per cent. and 72.5 per cent. of the total loan portfolio as at 30 June 2024 and 31 December 2023, 2022 and 2021, respectively. Loans to customers denominated in soums increased by UZS6,329,919 million, or 15.4 per cent., as at 30 June 2024 as compared to 31 December 2023, and increased by UZS7,101,300 million, or 20.9 per cent., as at 31 December 2023 as compared to 31 December 2022, and increased by UZS9,957,054 million, or 41.5 per cent., as at 31 December 2022 as compared to 31 December 2021. These increases were primarily attributable to increases in loans for cotton and grain productions and loans for sprinkler irrigation system for the respective periods.

Loans to customers denominated in U.S. dollars accounted for 15.1 per cent., 16.3 per cent., 16.8 per cent. and 19.3 per cent. of the total loan portfolio as at 30 June 2024 and 31 December 2023, 2022 and 2021, respectively. Loans to customers denominated in U.S. dollars increased by UZS413,423 million, or 4.3 per cent., as at 30 June 2024 as compared to 31 December 2023, and increased by UZS1,904,873 million, or 24.5 per cent., as at 31 December 2023, as compared to 31 December 2022, and increased by UZS1,363,129 million, or 21.3 per

cent., as at 31 December 2022 as compared to 31 December 2021. The decreases in the shares of U.S. dollars denominated loans primarily reflected the Group's diversifications of loans in foreign currencies.

Loans to customers denominated in euro accounted for 12.2 per cent., 13.5 per cent., 9.5 per cent. and 8.1 per cent. of the total loan portfolio as at 30 June 2024 and 31 December 2023, 2022 and 2021, respectively. Loans to customers denominated in euro increased by increased by UZS140,712 million, or 1.8 per cent., as at 30 June 2024 as compared to 31 December 2023, and increased by UZS3,613,519 million, or 82.2 per cent., as at 31 December 2023, as compared to 31 December 2022, and increased by UZS1,698,871 million, or 63.0 per cent., as at 31 December 2022 as compared to 31 December 2021. The overall increases in the shares of euros denominated loans primarily reflected the Group's diversifications of loans in foreign currencies.

Distribution of Loans by Collateral

The following table sets forth the amount of the Group's loans by type of collateral as at the dates set forth below.

	As at 30 June 2024		2023		As at 31 December 2022		2021	
	(unaudited)							
	million soums	% of total	million soums	% of total	million soums	% of total	million soums	% of total
Unsecured loans	425,629	0.6	325,551	0.5	760,410	1.6	460,449	1.4
Loans collateralised by:								
insurance policy	42,279,587	63.4	36,332,346	61.4	26,725,292	57.9	16,457,647	49.7
guarantees	9,068,740	13.6	10,868,027	18.4	8,845,386	19.2	7,492,394	22.6
real estate	9,154,625	13.7	6,610,973	11.2	5,920,046	12.8	4,784,207	14.5
equipment	2,230,979	3.3	2,291,491	3.9	2,078,091	4.5	1,607,383	4.9
vehicle	3,308,935	5.0	2,550,158	4.3	1,608,502	3.5	2,038,914	6.2
inventory	18,848	0.1	24,131	0.0	42,066	0.1	6,998	0.0
cash deposit	24,913	0.1	21,135	0.0	20,335	0.1	66,818	0.2
government guarantee	19	0.0	21	0.0	1,953	0.0	39,725	0.1
other	147,295	0.2	176,771	0.3	118,405	0.3	146,897	0.4
Total loans and advances to customers, gross	66,659,570	100.0	59,200,604	100.0	46,120,486	100.0	33,101,432	100.0

Loans collateralised by insurance policy were with reputable insurers in Uzbekistan and these insurers were not subsidiaries of the Group. For more information on collateral levels, see "Risk Management".

NPLs

Non-performing loans, or NPLs, comprise loans classified as Stage 3 which include credit-impaired loans due to, among other impairment indicators, overdue payments of principal loan amount and/or interest over 90 days, court cases, written-off loans, prolongation loan over one year by banks, individual assessment client financial position, and cross defaults. The Group had gross carrying amount of NPLs in the amount of UZS3,544,022 million, UZS3,141,998 million, UZS3,307,123 million and UZS2,569,050 million as at 30 June 2024 and 31 December 2023, 2022 and 2021, respectively. The level of the Group's NPLs as a percentage of total gross loans to customers was 5.3 per cent., 5.3 per cent., 7.2 per cent. and 7.8 per cent. as at 30 June 2024 and 31 December 2023, 2022 and 2021, respectively.

The NPLs increased by UZS402,024 million, or 12.8 per cent., as at 30 June 2024 as compared to 31 December 2023, primarily due to an increase in the Group's loan portfolio. The NPLs decreased by UZS165,125 million, or 5.0 per cent., as at 31 December 2023 as compared to 31 December 2022, primarily due to improvement of the Group's loan quality. The NPLs increased by UZS738,073 million, or 28.7 per cent., as at 31 December 2022 as compared to 31 December 2021, primarily due an increase in the Group's loan portfolio.

Expected Credit Losses Provision

As at 30 June 2024, the Group's expected credit losses ("ECL") provision in respect of loans and advances to customers was UZS1,603,292 million, a decrease by UZS105,813 million, or 6.2 per cent., from UZS1,709,105 million as at 31 December 2023, primarily reflected the improvement of the Group's asset quality.

As at 31 December 2023, the Group's ECL provision in respect of loans and advances to customers was UZS1,709,105 million, an increase by UZS423,061 million, or 32.9 per cent., from UZS1,286,044 million as at 31 December 2022, primarily reflected an increase in the Group's loan portfolio.

A at 31 December 2022, the Group's ECL provision in respect of loans and advances to customers was UZS1,286,044 million as compared to UZS1,032,779 million as at 31 December 2021, primarily reflected an increase in the Group's loan portfolio.

Total Liabilities

General

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

	As at 30 June 2024	2023	As at 31 December 2022	2021
		<i>million soums</i>		
	(unaudited)			
Due to other banks	7,107,716	5,806,959	2,664,342	994,133
Customer accounts	17,705,472	16,030,043	13,642,653	12,257,779
Debt securities issued	285,001	160,001	270,001	112,109
Other borrowed funds	37,651,258	32,633,559	26,780,835	16,887,348
Lease liabilities	16,378	12,061	6,329	11,342
Other liabilities	312,761	288,499	179,609	217,000
Current income tax liabilities	-	-	153,656	50,690
Subordinated debt	256,922	251,705	229,749	221,812
Total liabilities	63,335,508	55,182,827	43,927,174	30,752,213

The Group's total liabilities increased by UZS8,152,681 million, or 14.8 per cent., to UZS63,335,508 million as at 30 June 2024 from UZS55,182,827 million as at 31 December 2023. This increase reflected increase was mainly driven by a significant growth in other borrowed funds, which increased by UZS5,017,699 million, or 15.4 per cent. to UZS37,651,258 million as at 30 June 2024 from UZS32,633,559 million as at 31 December 2023, mainly due to new attracted funds during the six months ended 30 June 2024 (see "*—Other borrowed funds*" and "*—Funding*").

The Group's total liabilities increased by UZS11,255,653 million, or 25.6 per cent., to UZS55,182,827 million as at 31 December 2023 from UZS43,927,174 million as at 31 December 2022. This increase was primarily due to a significant growth in other borrowed funds, which increased by UZS5,852,724 million, or 21.9 per cent., to UZS32,633,559 million as at 31 December 2023 from UZS26,780,835 million as at 31 December 2022, mainly due to new attracted funds during the year ended 31 December 2023 (see "*—Other borrowed funds*" and "*—Funding*").

The Group's total liabilities increased by UZS13,174,961 million, or 42.8 per cent., to UZS43,927,174 million as at 31 December 2022 from UZS30,752,213 million as at 31 December 2021. This increase was mainly driven by a significant growth in other borrowed funds, which increased by UZS9,893,487 million, or 58.6 per cent., to UZS26,780,835 million as at 31 December 2022 from UZS16,887,348 million as at 31 December 2021, mainly due to incurrence of additional indebtedness from the Ministry of Economy and Finance, UFRD and the CBU and, to a smaller extent, from a number of IFIs (see "*—Funding*").

Due to other banks

The following table sets forth the Bank's due to other banks as at the dates indicated:

	As at 30 June 2024	2023	As at 31 December 2022	2021
		<i>million soums</i>		
	(unaudited)			
Short-term placements of other banks	4,395,619	3,425,936	474,549	53,315
Long-term placements of other banks	2,204,956	2,197,820	2,188,155	936,321
Payable to the CBU under repo agreement	-	575	1,635	4,497
Correspondent account and overnight placements of other banks	507,141	182,628	3	-
Total due to other banks	7,107,716	5,806,959	2,664,342	994,133

Long-term placements of other banks include funds received for the financing of investment projects in an amount of UZS1,619,959 million, UZS197,451 million, UZS1,520,178 million and UZS290,5597 million and other deposits from other banks for more than one year. Long-term placements of other banks are classified as financing activities in the consolidated statement of cash flows.

Short term placements of other banks include deposit from other banks for less than one year.

Customer accounts

The table below presents the Bank's customer accounts as at the dates indicated:

	As at 30 June 2024	2023	As at 31 December 2022	2021
		<i>million soums</i>		
	(unaudited)			
State and public organisations.....	6,670,115	6,389,196	5,768,368	6,147,653
Current/settlement accounts	101,307	27,606	23,483	175,832
Term deposits.....	6,568,808	6,361,590	5,744,885	5,971,821
Other legal entities	2,404,997	2,447,524	3,495,502	2,316,211
Current/settlement accounts	1,120,613	1,149,194	2,641,330	1,797,583
Term deposits.....	1,284,384	1,298,330	854,172	518,628
Individuals	8,630,360	7,193,323	4,378,783	3,793,915
Current/settlement accounts	1,578,890	1,484,220	1,132,855	943,899
Term deposits.....	7,051,470	5,709,103	3,245,928	2,850,016
Total customer accounts	17,705,472	16,030,043	13,642,653	12,257,779

As at 30 June 2024 and 31 December 2023, 2022 and 2021, customer accounts amount to UZS41,205 million, UZS95,627 million, UZS8,427 million, and UZS338,867 million, respectively, were pledged as collateral for letters of credit and other similar products issued by the Bank.

As at 30 June 2024 and 31 December 2023, 2022 and 2021, customer accounts amount to UZS6,247,555 million, UZS5,981,263 million, UZS6,335,231 million, and UZS5,679,081 million, respectively, representing 35 per cent., 38 per cent., 46 per cent. and 46 per cent., of the total customer accounts, respectively, were due to 10 customers.

Other borrowed funds

The Group obtains long term financing from various government, state and international financial institutions. The table below presents the outstanding balance values of the Bank's other borrowed funds as at the dates indicated:

	Outstanding Balance Value		Maturity
	As at 30 June 2024	As at 31 December 2023	
	<i>million soums</i>		
	(unaudited)		[date/year]
International Financial Institutions			
Cargill Financial Services International, Inc.	5,206,581	5,607,449	2024-2028
Landesbank Hessen-Thüringen Girozentrale.....	2,571,381	2,757,247	2024-2034
Mashreq Bank PSC	1,400,095	513,810	2024-2025
Landesbank Baden-Württemberg	1,038,866	1,146,837	2025-2034
Commerzbank Aktiengesellschaft.....	910,977	933,673	2029-2034
Gazprombank.....	762,098	501,119	2024
Development Bank of the Republic of Belarus	586,898	290,943	2025-2030
ODDO BHF Aktiengesellschaft	503,543	501,880	2024-2034
AKA Ausfuhrkredit-Gesellschaft mbH	496,303	389,749	2025-2035
KfW IPEX-Bank GmbH	388,659	196,963	2026-2029
Credit Suisse AG, Zurich	364,142	441,777	2026-2034
Berliner Sparkasse Branch of Landesbank Berlin AG.....	359,936	373,562	2028
Islamic corporation for the Development of the private sector.....	336,470	198,837	2024
China Development Bank, Xinjiang branch	322,644	356,566	2024
Kamkombank	299,799	425,735	2025
Commercial Bank of Dubai PSC.....	254,118	-	2025
Oyak Anker Bank GmbH.....	194,299	-	2029
Türkiye İhracat Kredi Bankası A.Ş.	173,198	184,390	2025-2026
International Bank for Economic Co-operation.....	161,816	95,591	2026-2027
KDB Bank Uzbekistan	127,722	172,185	2024
Credit Suisse AG, London Branch	64,342	249,952	2025
T.C. Ziraat Bankası A.Ş.	52,993	78,202	2024
EMF Microfinance Fund, AgmvK	51,230	100,510	2025

Eximbank Hungary PLC	24,790	36,546	-
Gemcorp Capital Management Limited	-	382,502	-
International Financial Club.....	-	191,067	2028
Other	5,533	6,838	2026
Total borrowed funds from IFIs	16,658,433	16,133,930	
Uzbekistan Financial Institutions			
Ministry of Economy and Finance of the Republic of Uzbekistan ..	19,409,075	14,892,523	2024-2035
The Fund for Reconstruction and Development of the Republic of Uzbekistan.....	464,248	351,590	2024-2029
Farmers Support Fund.....	443,327	482,508	2028-2033
Ministry of Investments and Foreign Trade of the Republic of Uzbekistan.....	259,378	204,928	2025-2026
Central Bank of Uzbekistan.....	208,569	337,611	2024-2031
The Uzbekistan Mortgage Refinancing Company	169,711	133,582	2033-2041
Youth – Our Future Fund	31,153	46,920	2025
National Bank of Republic of Uzbekistan	-	36,712	-
Khokimyat.....	6,549	12,469	2024-2026
Other	815	786	2024
Total other borrowed funds from Uzbekistan Financial Institutions.....	20,992,825	16,499,629	
Total other borrowed funds.....	37,651,258	32,633,559	

As at 30 June 2024 and 31 December 2023, the Group had no significant exposure to Ukraine and to the Russian Federation and Belarus. While there are some borrowings from Russia (Gazprombank and Kamkombank), the Group has no assets in these countries.

Borrowings from Ministry of Economy and Finance, UFRD and CBU were issued to the Group for financing state entrepreneurial, agro-industrial and green energy industry development programmes under the Government orders. These programmes include "Every Family – Entrepreneur", "Green Energy", "Craftsmanship Development", "20,000 Entrepreneurs and 500,000 Skilled Workers" and "Development of Service Sector".

The funds received from the Uzbekistan Mortgage Refinancing Company are used for financing mortgage loans to individuals. These loans have been pledged as a collateral against the borrowing from this Company. The carrying value of these loans pledged were UZS212,139 million and UZS163,166 million and UZS113,602 million as at 30 June 2024, 31 December 2023, and 31 December 2022 respectively.

The Group has to comply with specific financial and non-financial covenants on obtained funds. Most of the covenants are in relation to the compliance with prudential regulations set by the CBU. As at 30 June 2024, the Group was in compliance with these covenants.

Debt securities

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

	As at 30 June 2024	2023	As at 31 December 2022	2021
	(unaudited)	<i>million soums</i>		
Deposit certificates.....	285,001	160,001	270,001	112,093
Non-documentary bonds	-	-	-	16
Total debt securities in issue.....	285,001	160,001	270,001	112,109

Subordinated debt

All of the Group's subordinated indebtedness is held by the Ministry of Economy and Finance. As at 30 June 2024 and 31 December 2023, 2022 and 2021, the Group had Subordinated debt of UZS256,922 million, UZS251,705 million, UZS229,749 million and UZS221,812 million, respectively. The interest rate of the

Group's subordinated debt during the periods under review was 5.9 per cent. See Note 14 to the Interim Financial Statements, Note 18 to the 2023 Financial Statements and Note 17 to the 2022 Financial Statements.

Maturity profile of the Group's financial liabilities

The table below presents that the amount of financial liabilities of the Bank at maturities as at the dates indicated below:

	Demand less than one month		From 1 to 6 months		From 6 to 12 months		Over 12 months		Total	
	(Soums)	%	(Soums)	%	(Soums)	%	(Soums)	%	(Soums)	%
As at 30 June 2024	12,524,323	19.8	17,506,618	27.7	15,250,816	24.2	17,851,334	28.3	63,133,091	100.0
As at 31 December 2023	8,853,585	16.1	8,705,548	15.8	19,467,394	35.4	17,953,663	32.7	54,980,191	100.0
As at 31 December 2022	5,864,480	13.4	6,126,238	14.0	16,809,641	38.5	14,884,554	34.1	43,684,913	100.0
As at 31 December 2021	8,939,883	29.3	5,130,411	16.8	8,919,176	29.2	7,570,149	24.8	30,599,619	100.0

See "Risk Management—Liquidity Risk".

Liquidity and Capital Resources

The Group's principal sources of liquidity are other borrowed funds (being funds received from the Ministry of Economy and Finance, UFRD and other Government agencies as well as funds borrowed from the IFIs), customer accounts and amounts due to other banks.

Funding

The Group's funding base relies primarily on other borrowed funds (being funds received from the Ministry of Economy and Finance, UFRD and other Government agencies as well as funds borrowed from the IFIs and Uzbekistan financial institutions. See "—Financial Position—Total liabilities". The Group's funding strategy is aimed at a diversification of its funding base through the increase of the share of customer accounts, syndicated lending and international capital markets while continuing to rely on the funding provided by the Government as part of implementation of various infrastructure and strategic projects and programmes. The Group intends to achieve an optimal balance between its own capital, domestic and international borrowings to cover the growing needs of the Group's business, both in terms of currency and maturity.

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

	As at 30 June 2024		2023		As at 31 December 2022		2021	
	million soums	% of total	million soums	% of total	million soums	% of total	million soums	% of total
	(unaudited)							
Other borrowed funds	37,651,258	59.8	32,633,559	59.5	26,780,835	61.5	16,887,348	55.4
Customer accounts								
State and public organisations.....	6,670,115	10.6	6,389,196	11.6	5,768,368	13.2	6,147,653	20.2
Other legal entities.....	2,404,997	3.8	2,447,524	4.5	3,495,502	8.0	2,316,211	7.6
Individuals.....	8,630,360	13.7	7,193,323	13.1	4,378,783	10.1	3,793,915	12.5
Total customer accounts	17,705,472	28.1	16,030,043	29.2	13,642,653	31.3	12,257,779	40.2
Due to other banks								
Long term placements of other banks.....	2,204,956	3.5	2,197,820	4.0	2,188,155	5.0	936,321	3.1
Short term placements of other banks.....	4,395,619	7.0	3,425,936	6.2	474,549	1.1	53,315	0.2
Correspondent accounts and overnight placements of other banks.....	507,141	0.8	575	0.0	1,635	0.0	4,497	0.0
Payable to the CBU under repo agreement ...	-	-	182,628	0.3	3.0	0.0	-	0.0
Total due to other banks	7,107,716	11.3	5,806,959	10.5	2,664,342	6.1	994,133	3.3
Debt securities issued								
Deposit certificates.....	285,001	0.5	160,001	0.3	270,001	0.6	112,093	0.4
Non-documentary bonds.....	-	-	-	0.0	-	0.0	16	0.1
Total debt securities issued	285,001	0.5	160,001	0.3	270,001	0.6	112,109	0.4
Subordinated debt								

Ministry of Economy and Finance of the Republic of Uzbekistan.....	256,922	0.4	251,705	0.5	229,749	0.5	221,812	0.7
Total subordinated debt	256,922	0.4	251,705	0.5	229,749	0.5	221,812	0.7
All liabilities except lease and other lease liabilities	63,006,369	100.0	54,882,267	100.0	43,587,580	100.0	30,473,181	100.0

Funding from IFIs and Uzbekistan Financial Institutions

The table below sets forth the Bank's borrowings from IFIs and Uzbekistan financial institutions by currency and maturity as at the dates indicated below:

	As at 30 June 2024		2023		As at 31 December 2022		2021	
	Amount	% of total borrowings from IFIs	Amount	% of total borrowings from IFIs	Amount	% of total borrowings from IFIs	Amount	% of total borrowings from IFIs
<i>million soums, except for percentages</i>								
(unaudited)								
By currency								
USD	8,691,231	23.1%	8,176,643	25.1%	6,799,782	25.4%	5,697,781	33.7%
EUR	6,541,499	17.4%	6,881,119	21.1%	4,460,607	16.7%	2,522,051	14.9%
Others.....	22,418,528	59.5%	17,575,797	53.8%	15,520,446	57.9%	8,667,516	51.4%
	37,651,258	100%	32,633,559	100%	26,780,835	100%	16,887,348	100%
By maturity								
Demand and less than one month.....	3,798,512	10.1%	2,416,228	7.4%	1,085,476	4.1%	5,422,715	32.1%
One to six months.....	1,550,234	30.7%	4,438,386	13.6%	3,887,785	14.5%	1,323,934	7.8%
Six to 12 months	9,295,137	24.7%	13,354,493	40.9%	13,060,859	48.8%	6,381,078	37.8%
Over one year.....	13,007,376	34.5%	12,424,452	38.1%	8,746,715	32.6%	3,759,621	22.3%
	37,651,258	100.0%	32,633,559	100%	26,780,835	100%	16,887,348	100.0%

The Group has had dealings with a number of financial institutions incorporated in the Russian Federation and Belarus. In particular:

- (i) in 2020 and 2021, the Group obtained loans from several Russian banks (including "Promsvyazbank" (Russia), "Transkapitalbank" (Russia) and Credit Bank of Moscow (Russia)) that later became the subject of blocking sanctions in the United States, the European Union and/or the United Kingdom and DBRB that has been designated for sectoral sanctions by the US, UK and the EU; and
- (ii) From 1 January 2021 to 30 June 2024, the Group obtained a UZS1,639,461 million (approximately U.S.\$141 million) loan from Gazprombank (Russia) that is subject to sectoral sanctions in the US and the EU and an asset freeze in the UK. As at the date of the Prospectus, the Bank has no outstanding balance from Gazprombank. However, the Group did not violate the sanctions imposed on Gazprombank

As at 31 December 2022, the Group had certain exposure to financial institutions in the Russian Federation (including "Transkapitalbank" (Russia), "Promsvyazbank" (Russia) and Gazprombank (Russia)) and Belarus (DBRB). During 2023, the Group dealt with some of its funding exposure to certain sanctioned Russian financial institutions. In particular, loans from the Russian sanctioned banks (which are Transkapitalbank" (Russia) and "Promsvyazbank" (Russia) to the Group (other than the Gazprombank loan) in the amount of UZS673,411 million (approximately U.S.\$54.6 million) were assigned by those Russian banks to non-SDN third-party financial institutions in Russia. To date, the Group has closed all correspondent accounts with all sanctioned banks located in the Russian Federation.

The Group has a Ruble correspondent account with Asia-Invest Bank, a subsidiary of the National Bank of Uzbekistan, which is not included in the sanctions list. An RMB correspondent account with Gazprombank was opened prior to the sanctions for a specific transaction and is being closed. The Group's correspondent account with Asia Invest Bank (which is required to facilitate trade between the Group's customers and Russia (particularly in relation to agricultural products)) is maintained in compliance with sanctions legislation.

As at 30 June 2024, the following loans have not been assigned:

- (i) the outstanding balance of UZS586,898.2 million (approximately U.S.\$46.7 million) of the loans from DBRB, which matures in August 2025-2030; and

- (ii) the outstanding balance of UZS762,098 million (approximately U.S.\$60.7 million) of the loans from Gazprombank, which matured and was repaid on 26 July 2024.

Although DBRB and Gazprombank are subject to sectoral sanctions and Gazprombank is also subject to the asset freeze in the UK (binding on UK persons), the Group is permitted to make payments of principal and interest to these entities as the sectoral sanctions restrict such entities from raising money, rather than providing loans and there is no UK nexus to the Gazprombank loan.

The terms of the DBRB loan provide that interest is only payable (together with the principal amount of the loan) on the maturity date and, accordingly, the Group is not presently making any payments to DBRB. Further, the Group is considering requesting DBRB to assign this loan to a non-sanctioned financial institution.

Some of the Group's financing agreements contain certain financial, regulatory and behavioural covenants and failure by the Group to comply therewith allows the lender to accelerate the relevant indebtedness. As at 31 December 2022, the Group was technically in breach of the loan agreement with EMF. The Group's management has notified EMF of the technical breach and obtained a waiver of the breach until 1 July 2023, which was further extended until 31 October 2023. On 24 October 2023, the Bank and EMF amended the loan agreement removing the covenant which had been previously breached by the Bank. As at the date of this Prospectus, the Bank is fully compliant with the terms of the EMF loan agreement. As of 30 June 2024 and 31 December 2023, the Group was in compliance with all covenants.

As at 31 December 2021, the Group undertook an assessment of the terms of CDB loan agreement with respect to the NPL ratio and engaged with CDB to discuss the same as a result of which the Group and CDB concluded that the Bank was not in breach of the NPL ratio, and thus did not, in turn trigger cross-default provisions under facility agreements with seven other financial institutions. Nevertheless, the Group has decided to reclassify the amount due under the affected facility agreements in the aggregate amount of UZS5,137,848 million as loans within demand less than 1 month profile in the liquidity table.

Capital injections

During the year ended 31 December 2023, the Bank issued new shares in aggregate amount of UZS1,866,232 million to UFRD and in an aggregate amount of UZS350,000 million to the Ministry of Economy and Finance, and recognised the same amounts in the same period as share capital. During the year ended 31 December 2021, the Bank issued new shares in aggregate amount of UZS2,946,176 million and in an aggregate amount of UZS700,000 million to the Ministry of Economy and Finance, and recognised the same amounts in the same period as share capital.

During the year ended 31 December 2023, the Group converted borrowings from the UFRD received during 2022 and 2023 in the total amount of UZS1,866,232 million into shares, assigning the equity ownership to the Ministry of Economy and Finance. On this basis, as at 31 December 2023, UZS1,866,232 million was transferred from borrowings from UFRD to equity as additional paid-in capital.

During the year ended 31 December 2021, the Group converted borrowings from the UFRD received during 2020 and 2021 in the total amount of UZS2,946,176 million into shares, assigning the equity ownership to the Ministry of Economy and Finance. On this basis, as at 31 December 2021, UZS2,946,176 million was transferred from borrowings from UFRD to equity as additional paid-in capital.

Contingencies and Commitments

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the consolidated statement of financial position. The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations. See "*Risk Management–Credit Risk*".

As at 30 June 2024, the Group had a total of credit-related commitments of UZS1,28,337 million, as compared to UZS1,698,457 million as at 31 December 2023, UZS2,930,677 million as at 31 December 2022 and UZS2,729,027 million as at 31 December 2021.

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

	As at 30 June 2024	2023	As at 31 December 2022	2021
	(unaudited)	<i>million soums</i>		
Credit related commitments				
Letters of credit, post financing with commencement after reporting period end.....	507,754	1,034,546	1,636,129	1,898,747
Financial guarantees issued.....	409,859	390,552	559,164	623,614
Undrawn credit lines.....	416,782	287,547	606,076	225,848
Letters of credit, non-post financing.....	-	95,627	162,882	338,213
Gross credit related commitments.....	1,334,395	1,808,272	2,964,251	3,086,422
Less: Commitment collateralised by cash deposits.....	(41,205)	(95,627)	(8,427)	(338,868)
Less: Provision for expected credit losses	(7,853)	(14,188)	(25,147)	(18,527)
Total credit related commitments.....	1,285,337	1,698,457	2,930,677	2,729,027

For additional information on the Group's credit-related commitments, see Note 28 to the Interim Financial Statements, Note 29 to the 2023 Financial Statements and Notes 28 to the 2022 Financial Statements.

Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and comply with the capital requirements set by the CBU while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The adequacy of the Group's capital is monitored using, among other measures, the ratios calculated under Uzbekistan GAAP and the CBU standards.

As at 30 June 2024, the Group was in compliance in full with all regulatory capital requirements.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The Management Board reviews the capital structure on a quarterly basis. As part of this review, the Management Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Management Board, the Group balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The following table sets forth the Group's capital components prepared under Uzbekistan GAAP and related instructions:

	As at 30 June 2024	2023	As at 31 December 2022	2021
	<i>million soums, except for percentage</i>			
Share capital.....	10,769,607	10,770,191	8,553,959	8,553,375
Share premium.....	2,001	1,416	1,416	1,4717
Retained earnings (losses), including capital reserves.....	1,152,087	749,528	312,503	382,705
Deductions from Tier I capital	(1,295,119)	(807,654)	(127,335)	(156,764)
Total adjusted Tier I capital	10,628,576	10,713,482	8,740,543	8,450,191
Current year profit (loss).....	17,708	750,890	609,234	404,128
Reserves created on standard assets	541,624	541,624	359,624	302,924
Subordinated debt.....	251,103	246,775	224,509	216,753
Other	10,891	11,196	12,670	14,458
Total Tier II capital	821,326	1,550,487	1,206,037	938,264
Total regulatory capital	11,449,902	12,263,969	9,946,580	9,544,601
Tier I capital ratio	13.4%	15.2%	16.0%	20.0%
Total capital ratio	14.5%	17.4%	16.0%	20.0%

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

Critical Accounting Estimates and Judgments in Applying Accounting Policies

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

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

See Note 4 to the 2023 Financial Statements

Recent Developments

By the Decree of the President of the Republic of Uzbekistan dated 12 December 2023, No. UP-205, the Ministry of Economy and Finance was tasked with allocating a total of UZS2.6 trillion to the Bank for financing projects. This included UZS745 billion from the Republican Budget of the Republic of Uzbekistan and UZS1.9 trillion from the Reconstruction and Development Fund, aimed at increasing the bank's charter capital.

As at the date of the Prospectus, the Reconstruction and Development Fund has allocated UZS1.9 trillion to the Bank. By the end of 2024, the Ministry of Economy and Finance is expected to allocate an additional UZS745 billion. As a result, by the end of 2024, the capital adequacy ratio is expected to reach 15.1%.

SELECTED STATISTICAL AND OTHER INFORMATION

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

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

Distribution of Assets, Liabilities and Equity

The return (or yield) was calculated by the amount of interest income or expense in the period divided by the average balance. The following tables show average balances, interest amounts and yields for the Bank's interest-earning assets, non-interest-earning assets, interest-bearing liabilities, non-interest-bearing liabilities and equity for the six months ended 30 June 2024 and 2023 and for the years ended 31 December 2023, 2022 and 2021.

	Six months ended 30 June					Average yield (assets) / rate paid (liabilities) ⁽²⁾
	2024	2023	2023	2022		
	Average balance ⁽¹⁾	Interest income/ (expense)	Average yield (assets) / rate paid (liabilities) ⁽²⁾	Average balance ⁽¹⁾	Interest income/ (expense)	Average yield (assets) / rate paid (liabilities) ⁽²⁾
<i>million soums, except percentages</i>						
ASSETS						
Interest-earning assets:						
Cash and cash equivalents ⁽³⁾	2,378,917	11,852	1.0%	779,436	10,115	2.6%
Due from other banks	162,036	15,512	19.1%	212,534	940	0.9%
Loans and advances to customers, including finance lease receivables	60,927,078	4,505,726	14.8%	48,488,842	3,796,727	15.7%
Investment debt securities.....	237,416	21,185	17.8%	674,378	50,190	14.9%
Total interest-earning assets	63,705,446	4,554,275	14.3%	50,155,191	3,857,962	15.4%
Total non-interest-earning assets⁽⁴⁾	7,114,743			6,103,727		
Total assets	70,820,190			56,258,918		
LIABILITIES						
Interest-bearing liabilities:						
Due to other banks	6,360,528	287,256	9.0%	2,987,253	133,501	9%
Customer accounts ⁽⁵⁾	13,691,236	1,090,895	15.9%	10,377,225	865,452	16.7%
Debt securities issued	243,334	22,677	18.6%	270,001	24,844	18.4%
Other borrowed funds	35,558,893	1,609,119	9.0%	29,759,858	1,245,579	8.4%
Subordinated debt	254,377	7,871	6.2%	231,751	6,728	5.8%
Other liabilities	297,818	13,084	8.8%	188,349	2,886	3.1%
Total interest-bearing liabilities.....	56,138,367	3,030,902	10.8%	43,626,088	2,278,990	10.4%
Total non-interest-bearing liabilities⁽⁶⁾	3,098,935			3,495,430		
EQUITY	11,582,887			9,137,400		
Equity and non-interest-bearing liabilities	14,681,822			12,632,830		
EQUITY AND LIABILITIES	70,820,190			56,258,918		

Notes:

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

	2023			Year ended 31 December 2022			2021		
	Average balance ⁽¹⁾	Interest income/ (expense)	Average yield (assets) / rate paid (liabilities) ⁽²⁾	Average balance ⁽¹⁾	Interest income/ (expense)	Average yield (assets) / rate paid (liabilities) ⁽²⁾	Average balance ⁽¹⁾	Interest income/ (expense)	Average yield (assets) / rate paid (liabilities) ⁽²⁾
<i>million soums, except percentages</i>									
ASSETS									
Interest-earning assets:									
Cash and cash equivalents ⁽³⁾	1,051,109	-	0%	850,186	-	0%	482,295	895	0%
Due from other banks	202,924	16,977	8.4%	208,577	84,470	40.5%	298,361	55,776	18.7%
Loans and advances to customers, including finance lease receivables	51,468,208	8,606,731	16.7%	36,694,673	4,956,533	13.5%	28,704,434	3,996,045	13.9%
Investment debt securities	575,148	90,673	15.8%	1,449,905	271,882	18.8%	1,227,741	155,250	12.6%
Total interest-earning assets	53,297,390	8,714,381	16.4%	39,203,342	5,312,885	13.6%	30,712,832	4,207,966	13.7%
Total non-interest-earning assets⁽⁴⁾	6,378,038			5,203,618			4,023,921		
Total assets	59,675,428			44,406,959			34,736,753		
LIABILITIES									
Interest-bearing liabilities:									
Due to other banks	3,605,151	318,326	8.8%	1,388,942	154,342	11.1%	1,502,009	131,287	8.7%
Customer accounts ⁽⁵⁾	11,427,972	1,896,797	16.6%	9,482,018	1,484,424	15.7%	8,113,335	1,217,640	15.0%
Debt securities issue	226,001	41,877	18.5%	143,724	27,183	18.9%	181,100	35,608	19.7%
Other borrowed funds	31,114,049	2,738,983	8.8%	21,084,447	1,367,154	6.5%	16,074,323	1,119,523	7.0%
Subordinated debt	238,505	8,269	3.5%	225,134	13,167	5.8%	215,997	12,642	5.9%
Other liabilities	255,445	2,993	1.2%	161,543	9,220	5.7%	187,252	6,023	3.2%
Total interest-bearing liabilities	46,611,679	5,007,245	10.7%	32,324,246	3,055,489	9.5%	26,086,764	2,552,723	9.7%
Total non-interest-bearing liabilities⁽⁶⁾	3,258,120			3,192,816			2,607,892		
EQUITY	9,805,629			8,889,897			6,042,096		
Equity and non-interest-bearing liabilities	13,063,750			12,082,713			8,649,988		
EQUITY AND LIABILITIES	59,675,428			44,406,959			34,736,753		

Notes:

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

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

The following tables present the variations in the Bank's interest income and expense as a result of the variations in the average volume of interest-earning assets and interest-bearing liabilities and changes in average interest rates occurred for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, for the year ended 21 December 2023 compared to the year ended 31 December 2022, and for the year ended 31 December 2022 compared to the year ended 31 December 2021.

For the six months ended 30 June			For the year ended 31 December					
2024/2023		Net change	2022/2023			2021/2022		
Volume ⁽²⁾	Rate ⁽³⁾		Volume ⁽²⁾	Rate ⁽³⁾	Net change	Volume ⁽²⁾	Rate ⁽³⁾	Net change

million soums, except percentages

ASSETS

Interest-earning assets: ⁽¹⁾

Cash and cash equivalents.....	15,938	(38,040)	(22,102)	0	0	0	0	(1,578)	(1,578)
Due from other banks.....	(9,669)	29,591	19,922	(473)	(65,204)	(65,677)	(36,361)	45,478	9,117
Loans and advances to customers, including finance lease receivables.....	1,839,684	(529,856)	1,309,828	2,470,493	1,654,663	4,125,156	1,079,282	-151,861	927,420
Investment debt securities	(77,982)	7,031	(70,951)	(137,907)	(17,177)	(155,084)	41,660	88,539	130,199
Total interest-earning assets	1,767,971	(531,274)	1,236,697	2,332,113	1,572,282	3,904,395	1,084,580	(19,422)	1,065,159

LIABILITIES

Interest-bearing liabilities: ⁽¹⁾

Due to other banks.....	304,690	6,005	310,695	195,687	(82,291)	113,397	(12,566)	32,940	20,373
Customer accounts.....	528,110	(101,886)	426,224	322,986	107,731	430,717	214,269	61,374	275,643
Debt securities issue.....	(4,970)	573	(4,397)	15,246	(867)	14,378	(7,069)	(1,076)	(8,145)
Other borrowed funds.....	527,109	239,139	766,248	882,910	721,491	1,604,401	324,866	(101,307)	223,558
Subordinated debt.....	1,400	972	2,372	464	(5,680)	(5,216)	534	(10)	525
Other liabilities.....	9,619	17,041	26,660	1,100	2,993	4,093	0	(5,196)	(5,196)
Total interest-bearing liabilities	1,365,957	161,846	1,527,803	1,418,393	743,377	2,161,770	520,034	(13,276)	506,758

Note:

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

Interest-earning Assets—Margin

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

	As at or for the six months ended 30 June 2024	As at or for the year ended 31 December		
		2023	2022	2021
		<i>million soums, except percentages</i>		
Average interest-earning assets ⁽¹⁾	63,749,842	53,379,512	39,231,762	30,733,909
Average yield on interest-earning assets ⁽²⁾⁽³⁾	14.3%	16.3%	13.5%	13.7%
Net interest income ⁽⁴⁾	1,523,373	3,707,136	2,257,395	1,685,243
Net interest margin ⁽³⁾⁽⁵⁾	4.9%	6.9%	5.7%	5.6%

Note:

- (1) The average interest-earning assets is based on the average of the quarter-end balances within each applicable period.
- (2) Average yield on interest-earning assets is interest income divided by average interest-earning assets.
- (3) Average yield on interest-earning assets and net interest margin are annualised for the six months ended 30 June 2024.
- (4) Net interest income is net margin on interest and similar income.
- (5) Net interest margin is calculated as net margin on interest and similar income divided by average interest-earning assets. For the six months ended 30 June 2024, net interest margin formula is annualised (multiplied by 4).

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

The following table presents our weighted average yield of each category of debt securities not carried at fair value through earnings as at 30 June 2024.

	After one year		Maturing			No specific maturity
	As at 30 June 2024	In one year or less	through five years	through 10 years	After 10 years	
Investment debt securities measured at amortised costs⁽¹⁾						
Government bonds of the Republic of Uzbekistan	347,885	347,885	-	-	-	-
Government bonds of the Republic of Uzbekistan (Total weighted average yield)	16.2%	16.2%	-	-	-	-

(1) Yields have been calculated using the internal rate of return as at 30 June 2024.

Maturity and Composition of Loan Portfolio

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

	Maturing				
	As at 30 June 2024	In one year or less	After one year through five years	After five years through 15 years	After 15 years
Loans and advances to customers⁽¹⁾					
Corporate loans	52,491,919	34,867,532	14,595,534	3,028,853	0
Individuals	9,182,051	4,581,339	4,215,657	381,732	3,323
State and municipal organisations	3,382,308	1,888,207	1,303,357	190,744	0
Total loans and advances to customers.....	65,056,278	31,863,714	20,114,548	3,601,329	3,323

The following table presents loans and advances to customers by category as at 30 June 2024 that are due after one year.

	Maturing		
	From 1 to 3 years	From 3 to 5 years	Over 5 years
Corporate loans	9,102,231	5,493,303	3,028,853
<i>Floating rate</i>	<i>2,116,552</i>	<i>3,549,335</i>	<i>1,091,592</i>
<i>Fixed rate.....</i>	<i>6,985,679</i>	<i>1,943,968</i>	<i>1,937,261</i>
Individuals	2,690,531	1,525,127	385,055
<i>Floating rate</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Fixed rate.....</i>	<i>2,690,531</i>	<i>1,525,127</i>	<i>385,055</i>
State and municipal organisations	1,024,684	278,673	190,744
<i>Floating rate</i>	<i>100,804</i>	<i>150,410</i>	<i>64,462</i>
<i>Fixed rate.....</i>	<i>923,880</i>	<i>128,263</i>	<i>126,282</i>
Total loans and advances to customers, gross	12,817,446	7,297,103	3,604,652

Summary of Loan Loss Experience

Allocation of Provision for Impairment Losses

The following table presents impairment losses and sets forth the percentage distribution of the total provisions as at 30 June 2024 and as at 31 December 2023, 2022 and 2021. For a discussion of accounting standards related to loss allowances on financial assets, see Note 3 to the 2023 Financial Statements.

	As at 30 June 2024		2023		As at 31 December 2022		2021	
	Amount	% of total loss allowances	Amount	% of total loss allowances	Amount	% of total loss allowances	Amount	% of total loss allowances
	<i>million soums, except percentages</i>							
Total loan portfolio	66,659,570		59,200,604		46,120,486		33,101,432	
Total loss allowance.....	1,603,292	2.4%	1,709,105	2.9%	1,286,044	2.8%	1,032,779	3.1%
Total loan portfolio, net of loss allowance	65,056,278		57,491,499		44,834,442		32,068,653	

The change in the Bank's ratio of allowance for credit losses to total loan portfolio as at 30 June 2024 compared to as at 31 December 2023 was due to changes in quality of loan portfolio.

The change in the Bank's ratio of allowance for credit losses to total loan portfolio as at 31 December 2023 compared to as at 31 December 2022 was due to changes in quality of loan portfolio.

The change in the Bank's ratio of allowance for credit losses to total loan portfolio as at 31 December 2022 compared to as at 31 December 2021 was due to changes in quality of loan portfolio.

Allocation of Net Charge-offs

The following table presents net charge-offs as at 30 June 2024 and as at 31 December 2023, 2022 and 2021.

	As at 31 June 2024		2023		As at 31 December 2022		2021	
	Average amount ⁽¹⁾	% of total average loans	Average amount ⁽¹⁾	% of total average loans	Average amount ⁽¹⁾	% of total average loans	Average amount ⁽¹⁾	% of total average loans
	<i>million soums, except percentages</i>							
Corporate loans	48,737,290	78.0%	39,676,431	74.8%	28,616,608	75.5%	22,009,442	74.8%
Individuals.....	10,159,767	16.3%	10,007,372	18.9%	6,810,717	18.0%	5,397,170	18.3%
State and municipal organisations	3,603,248	5.8%	3,383,568	6.4%	2,458,309	6.5%	2,026,705	6.9%
Total average loans outstanding	62,500,304	100.0%	53,067,371	100.0%	37,885,635	100.0%	29,433,318	100.0%
Net charge-offs:								
Corporate loans	383,145	0.6%	827,941	1.6%	631,541	1.7%	145,732	0.5%
Individuals.....	95,190	0.2%	839,046	1.6%	349,266	0.9%	6,707	0.0%
State and municipal organisations	2,502	0.0%	-	0.0%	7,920	0.0%	-	0.0%
Total net charge-offs	480,837	0.8%	1,666,987	3.1%	988,727	2.6%	152,439	0.5%

Note:

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

The ratio of net charge-offs to total loans and advances to customers was 0.8 per cent., 3.1 per cent., 2.6 per cent. and 0.5 per cent. for the six months ended 30 June 2024 and for the years ended 31 December 2023, 2022 and 2021, respectively, mainly reflecting impaired loans having low coverage in stage 3 that were written off.

Deposits

Composition of Deposits per Type and Yield

The following table presents, with average balances, the breakdown of deposits by category as at 30 June 2024 and as at 31 December 2023, 2022 and 2021.

	As at 30 June 2024		2023		As at 31 December 2022		2021	
	Average balance ⁽¹⁾	Average rate paid	Average balance ⁽¹⁾	Average rate paid	Average balance ⁽¹⁾	Average rate paid	Average balance ⁽¹⁾	Average rate paid
	<i>million soums, except percentages</i>							
Term deposits	13,686,229	8%	11,427,972	17%	9,459,701	16%	8,113,335	15%
Current/settlement accounts.....								
Interest-bearing	-		-		-		-	
Non-interest-bearing	2,796,563		2,932,652		2,951,013		2,335,583	
Total	16,482,792		14,360,624		12,410,714		10,448,918	

Note:

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

The Bank participates in the state deposit insurance scheme introduced by the Uzbek Law #260-II "Insurance of Individual Bank Deposit" dated 5 April 2002. On 28 November 2008, the President of the Republic of Uzbekistan issued Decree No. UP-4057, according to which in case of the withdrawal of a license of a bank, the State Deposit Insurance Fund guarantees repayment of 100.0 per cent. of individual deposits regardless of the deposit amount.

BUSINESS

The Bank was established in 1988 and is a systemically important bank in the Republic of Uzbekistan offering a wide range of banking products, offerings and solutions. According to the CBU, as at 1 August 2024, the Bank was the third largest commercial bank in Uzbekistan by total assets (10.4 per cent. market share) and loan portfolio size (11.8 per cent. market share), second by capital (12.7 per cent. market share), fifth by deposits (6.3 per cent. market share) and 20th by net profit (0.6 per cent. market share). The Bank is a majority state-owned universal financial institution with an increasingly market-focused business model providing a broad spectrum of banking services, including corporate and retail lending, deposits and current accounts, cross-border money transfers, letters of credit, guarantees, foreign exchange operations and other banking products and services.

The Bank operates through its head office in Tashkent and a diversified branch and distribution network which, as at 1 September 2024, included 14 regional offices, 171 branches, 598 self-service 24/7 outlets, 95 banking service centres, 186 exchange points, 217 international money transfer offices, 266 bank cashdesks and 1,468 ATMs supported by an integrated online banking platform and mobile application.

The Bank has operated as one of the principal financing agents of the Government in the implementation of the Government's credit and finance policy in the manufacturing and agricultural sectors through increasing the availability of affordable credit to companies and individual entrepreneurs operating in these and related sub-sectors of the Uzbek economy. The Bank has been active in the subsidised lending market funded by the Ministry of Economy and Finance and UFRD and also relied on other forms of state support and funding (including deposits, capital injections and loans – see "*Competitive Strengths – History of Strong Shareholder Support*") and funded some of its operations through financing received from the IFIs.

In 2018, Uzbekistan embarked on a programme of fundamental economic reforms, including changes to the model in which its banking system, and state-owned banks in particular, operate. As part of these reforms, the Bank is transforming its business model to one that is based on the diversification of its funding base (through the increase of the share of customer accounts, syndicated lending and international capital markets) while continuing to rely on the funding provided by the Government as part of implementation of various infrastructure and strategic projects and programmes. Further, the Bank is continuing to diversify the composition of its loan portfolio and client base by increasing the share of higher margin loans to companies operating in the developing sectors of the economy in Uzbekistan, including agricultural, manufacturing and retail and further improve its existing relationships with large corporate clients. The Bank is also in the process of rolling out and implementing a number of innovative banking products, services and e-solutions.

As at 30 June 2024, the Group's total assets comprised UZS74,975,649 million. Total gross loans and advances to customers amounted to UZS66,659,570 million, with gross loans to corporate clients, gross loans to individuals and gross loans to state and municipal organisations accounting for 80.4 per cent., 14.5 per cent. and 5.2 per cent. of total gross loans, respectively. As at 30 June 2024, the Group's total equity constituted UZS11,640,141 million. For the six months ended 30 June 2024, the Group generated net profit of UZS147,275 million. As at 31 December 2023, the Group's total assets comprised UZS66,674,018 million. Total gross loans and advances to customers amounted to UZS59,200,604 million, with gross loans to corporate clients, gross loans to individuals and gross loans to state and municipal organisations accounting for 75.3 per cent., 18.3 per cent. and 6.4 per cent. of total gross loans, respectively. As at 31 December 2023, the Group's total equity constituted UZS11,491,191 million. For the year ended 31 December 2023, the Group generated net profit of UZS233,566 million.

The Bank was incorporated as a joint stock commercial bank in 1995 and is registered in the Republic of Uzbekistan, operating under banking licence No. 78 re-issued by the CBU on 2 August 2024. The registered office of the Bank is located 2a Zokirov Street, Tashkent 100011, Republic of Uzbekistan. The telephone number of the registered office of the Bank is +998 71 202 88 88. The Bank has the following long-term ratings: 'BB-' from Fitch and 'Ba3' from Moody's.

History

The Bank was established on 1 January 1988 utilising the assets of the State Bank of Uzbekistan as an integral part of Agroprombank USSR and operated under the name of Agroprombank UzSSR through 155 branches in

the Republic of Uzbekistan. Following the decision of the Government of the Soviet Union, in 1990, on the basis of the USSR Cabinet of Ministers Decree No. 703, it was decided to establish a new Uzbek joint stock commercial bank "Uzagroprombank" as an independent closed joint stock company, spun off from the Soviet Agroprombank system.

In 1993, Uzagroprombank created a joint venture with Ziraat Bank, a Turkish bank in the form of "UT Bank Uzbekistan Turkey" which was the first joint venture between an Uzbek bank and an international banking institution.

In 1994, Uzagroprombank registered the initial issuance of shares in the aggregate amount of UZS100 million with a nominal value of UZS1,000 per share.

Following the decision of the Government, in 1995 Uzagroprombank was wound down and its assets transferred to the newly-created public joint stock commercial bank "Pakhta Bank".

In 1997 and 1998, Pakhta Bank became a member of the SWIFT system and the APRACA. In 1999, Pakhta Bank became a full member of the CICA. In 2000, Pakhta Bank opened its first credit line with the European Bank for Reconstruction and Development followed by credit lines from Eximbank (China).

Between 2002 and 2007, Pakhta Bank was continuously recognised as the Bank of the Year in the Republic of Uzbekistan and in 2007, became the first commercial bank in the Republic of Uzbekistan to receive an international credit rating from Fitch.

In 2009, following the Edict of the President of the Republic of Uzbekistan No. 1084 dated 30 March 2009, Pakhta Bank was reorganised into joint stock commercial bank "Agrobank".

In 2010 and 2013, the Bank opened credit lines with the ICD and Turkish Ziraat Bank, respectively,

Since 2021, the Bank underwent a large-scale rebranding programme which was aimed at reflecting the positive changes of the Bank's service quality and expansion of its product portfolio.

The ordinary shares of the Bank are listed on the Tashkent Stock Exchange under ticker AGBA. As at the date of this Prospectus, 54.1 per cent. of the Bank's share capital is held by the UFRD and 44.7 per cent. – by the Ministry of Economy and Finance. Accordingly, 98.8 per cent. of the share capital of the Bank is directly or indirectly held by the Republic of Uzbekistan and the Bank's free float amounted to approximately 1.2 per cent. See "*Principal Shareholders*" and "*The Banking Sector and Banking Regulation in the Republic of Uzbekistan—Recent and Expected Banking Reforms*".

Competitive Strengths

Throughout its years of operation, the Bank has operated on the basis of a strategy aimed at the continuous development of the Bank and maintenance of its competitive position in the banking market of the Republic of Uzbekistan while performing the vital role of the financing conduit for the Government in financing the infrastructural and development projects in the Uzbekistan agricultural and manufacturing sectors.

The Bank's current strategy for 2021-2024, developed in collaboration with KPMG International Limited and with assistance from ADB, focuses on the transformation of the Bank into a modern financial institution offering its customers a wide range of banking products, services and solutions drawing for the best international standards and practices. At the core of the Bank's strategy is a client-centric business model aimed at the further development of client relationships with its existing corporate clients and expansion into new client and industry sectors. Building on the 2021-2024 strategy, the Bank is finalising its strategy for 2025-2029, developed with the assistance of Ernst & Young, which is expected to be adopted by the end of 2024. The new strategy will focus on financing government programmes, expanding commercial business, enhancing digital banking products and services and integrating ESG principles into the Bank's operations.

The Group's management believes that the Bank benefits from the following competitive strengths:

History of strong shareholder support

The Bank has enjoyed, and continues to enjoy, the benefit of strong financial support from the Government (including the Ministry of Economy and Finance and UFRD) in the form of share capital injections, loans, subordinated loans and customer deposits. This support has allowed the Bank to perform an important role in the financing of the Uzbek agricultural and manufacturing sectors, increase its assets, grow its loan portfolio and generate strong client relationships and market recognition.

In particular, in the year ended 31 December 2023, the Ministry of Economy and Finance and UFRD entered into an agreement converting the debt in the amount of UZS1,866,232 million borrowed from UFRD during 2022-2023 into shares in the Bank, assigning the equity ownership to the Ministry of Economy and Finance. In the year ended 31 December 2021, the Government injected UZS700,000 million in the Bank's share capital and authorised a debt-to-equity swap whereby the Group converted an aggregate of UZS2,946,176 million borrowed from UFRD in 2020 and 2021 into shares in the Bank. See "*Operating and Financial Review – Total Equity*").

Further, although many of the leading Uzbek banks and companies are expected to be privatised as part of the ongoing privatisation reforms, the Bank is expected to remain majority state-owned in order to continue to perform a vital role in the financing of the agricultural and manufacturing sectors in the Republic of Uzbekistan that the Government views as strategically significant. Accordingly, the Group's management believes that the Government will continue its support of the Bank and its activities in the form of capital injections, customer deposits and subsidised financing. The Bank's current strategy aims to balance maintaining the necessary state support and creating a more self-reliant and resilient financial structure. See "*Risk Factors–Risks Related to the Group's Business and Industry–The banking sector in Uzbekistan and the Bank are undergoing a transition period*", "*Risk Factors–Risks Related to the Group's Business and Industry–The Bank and some of its customers would be adversely affected if it and they did not continue to receive financial support from the Uzbekistan Government*" and "*Risk Factors–Risks Related to the Group's Strategy–The Bank's strategy is determined by the Uzbekistan Government as its major shareholder. Interests of the Bank's shareholders or management may conflict with those of the Noteholders*".

Leading position in the banking market, high-quality customer base and growing loan portfolio

The Bank is one of the leading banks in the Republic of Uzbekistan by assets, capital, deposits and loan portfolio. According to the CBU, as at 1 August 2024, the Bank was the third largest commercial bank in Uzbekistan by total assets (10.4 per cent. market share) and loan portfolio size (11.8 per cent. market share), second by capital (12.7 per cent. market share), fifth by deposits (6.3 per cent. market share) and 20th by net profit (0.6 per cent. market share).

The Bank's strategy is underpinned by the combination of subsidised lending at below-market interest rates to strategic sectors under the Government programmes and other form of Government support and lending to customers operating in the agricultural and manufacturing sectors on standard market terms as well as the expansion of the Bank's retail banking operations. While the level of the Group's NPLs as a percentage of total gross loans to customers was 5.3 per cent., 5.3 per cent., 7.2 per cent. and 7.8 per cent. as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively, the majority of the Group's loan portfolio is collateralised by the loan default insurance policies, bank guarantees and mortgages and other forms of security over real estate and property, plant and equipment. See "*Risk Factors–Risks Related to the Group's Business and Industry–Collateral values may decline or may not be of such high credit value and the Bank may face difficulties with the collateral enforcement*".

As at 31 December 2023, the Group's gross corporate loan portfolio accounted for 75.3 per cent., and the Group's loans and advances to state and municipal organisations – a further 6.4 per cent., of the Group's gross loan portfolio. The Bank has increased its gross loan portfolio by UZS13,080,118 million, or 28.4 per cent., from UZS46,120,486 million as at 31 December 2022 to UZS59,200,604 million as at 31 December 2023.

The Bank has established strong relationships with large corporate clients in the agricultural and manufacturing sectors and has developed in-depth knowledge of their business operations and funding requirements. While the Bank intends to continue developing its relationship with its existing clients, it is also focusing on targeting new

corporate clients in the developing sectors of the Uzbek economy and offering them a broad range of banking products and services.

The Group is also continuing to develop its retail offering with its retail loan portfolio growing from UZS5,677,326 million as at 31 December 2021 to UZS8,535,652 million and UZS10,824,847 million as at 31 December 2022 and 2023, respectively (representing 17.1 per cent., 18.5 per cent. and 18.3 per cent. of the Group's gross loan portfolio as at 31 December 2021, 2022 and 2023, respectively).

Expertise in lending to the agricultural sector

Since its incorporation until 2021, the Bank focused on lending to the agricultural sector of the Uzbek economy. This historic focus has enabled the Bank to develop considerable expertise in lending to agricultural producers, agricultural commodity traders, food processing enterprises and other companies that produce goods for, or provide services to, the agricultural sector and understanding of the agricultural business.

The Bank's role as the agent of the Government in financing strategic agricultural projects in Uzbekistan also allowed the Bank to develop a network of relationships with industry leaders, financial institutions and Government agencies and allowed the Bank access to a large customer base providing significant growth potential.

Wide distribution network and broad range of banking products and services

The Bank operates through its branch and distribution network which, as at 1 September 2024, included 14 regional offices, 171 branches, 598 self-service 24/7 outlets, 95 banking service centres, 186 exchange points, 217 international money transfer offices, 266 bank cashdesks and 1,468 ATMs supported by an integrated online banking platform and mobile application. The Bank's extensive network allows it to reach a broad customer base, including large corporate customers and retail clients. See "*Distribution Network*" below.

The Bank's extensive distribution network provides it with a strong sales platform, which enables it to cross-sell its products and deliver high-quality, convenient and comprehensive services and products, including deposits, loans, settlement services and bank cards.

Robust capital position and sound liquidity

The Group benefits from a robust capital base allowing it to pursue its growth plans. The Group's total capital adequacy ratio was 17.4 per cent., 17.4 per cent., 18.0 per cent. and 22.0 per cent. as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively, with the statutory minimum set at the level of 13.0 per cent. The Group's Tier I capital adequacy ratio was 15.2 per cent., 15.2 per cent., 16.0 per cent. and 20.0 per cent. as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively, with the statutory minimum set at the level of 10.0 per cent. The Group's leverage ratio (calculated as Tier I capital divided by sum of total assets and off-balance sheet assets (obligations to issue loans, letters of credit, guarantees)) amounted to 14.2 per cent., 15.7 per cent., 16.0 per cent. and 20.0 per cent. as at 30 June 2024, 31 December 2023, 2022 and 2021, respectively, with the statutory minimum being 6.0 per cent.

The Group also proactively manages its liquidity position through the combination of short-term (corporate and retail customer deposits, funds raised in the inter-bank market and borrowings from the IFIs) and long term (borrowings from international supranational organisations and IFIs, term corporate deposits and funding from the Government) sources of funding. See "*Operating and Financial Review – Funding*".

Experienced management team with a proven track record

The Bank has an experienced and entrepreneurial management team with an established track record in the financial services industry. The Bank's senior management team has on average over 18 years of professional experience in the financial industry. All members of the Bank's management team have in-depth knowledge of banking operations and management, and through their working experience with the Bank and other Uzbek financial institutions, have gained an in-depth understanding of Uzbekistan's macroeconomic environment, its banking industry and other strategic sectors of the economy.

The Bank's experienced management team has a track record of successfully implementing a number of strategic initiatives, including the transformation of the Bank's credit and risk management system. Under the leadership of its management team, the Bank has improved its operations and increased the size of its loan portfolio and is continuing with the implementation of the Bank's strategy. See "*Strategy*".

Strategy

The Bank's strategic objective is to further strengthen its position as one of the leading commercial banks in Uzbekistan as measured by total assets, loan portfolio and product offering. The Bank intends to expand its business by increasing the share of higher-margin corporate and retail clients in its overall loan portfolio while maintaining prudent policies in respect of management of operational costs and improving its risk management standards, allowing it to manage the expansion of its operations efficiently and without incurring additional risk.

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

Delivering balanced and profitable growth

The Bank is determined to strengthen its position by concentrating on balanced and diversified growth through targeted expansion in certain high growth areas.

In particular, the Bank intends to maintain its role as one of the principal financial agents of the Government in the implementation of the Government's credit and finance policy in the agricultural sector (including financing production of grain and cotton, roll-out of drip irrigation technologies and encouragement and development of family entrepreneurship) through the increase of the availability of the affordable financing to companies and individual entrepreneurs operating in the agricultural sector to allow its continuous development. In performing this role, the Bank will continue to rely on subsidised financing and other means of state support and funding (including deposits, capital injections and loans) allowing the Bank to extend loans to its clients in the agricultural sector. The Bank also intends to continue its support of Government poverty reduction schemes.

At the same time, the Bank endeavours to: (a) increase the share of non-subsidised lending in its overall loan portfolio thus improving the Bank's profitability; (b) expand its geographical coverage to all regions in the Republic of Uzbekistan and become a bank with one of the widest geographical area of coverage; (c) expand the range of products and services by offering its client innovative solutions (including in the business-to-business and business-to-consumer segments of the market) based on best industry standards; and (d) increase the share of the fee and commission income in the Bank's revenues.

Implementation of robust policies for management of growth of operations

The Group's management intends to implement and maintain prudent policies to efficiently manage the expansion of its operations. In particular, the management conducts regular business risks reassessments and continuously adjusts the levels of risk appetite and overall risk management strategies, optimises the market risk management system, strengthens the monitoring of market risk exposure limits.

In addition, the Group plans to strengthen the operational risk management and control, enhance the construction of risk prevention and control systems and focus on IT risk management and business continuity management.

In an effort to improve the efficiency of the Group's operations, the Group's management is in the process of rolling out modern business process automation and information technology solutions.

Development of new products and services

As part of the process of development of new banking products and services, the Group undertook a detailed client segmentation analysis to determine the needs and expectations of its existing and prospective clients. Based on the results of this study completed on 1 September 2023, the Group is investing in the development of segment-specific tailored banking products and improvement of its digital sales and remote distribution and service channels.

In particular, the Group has developed the "Agrozamin O' zimizniki" retail e-commerce solution for small farmer entrepreneurs and businesses that provides a platform for the sale of agricultural goods and provision of

agriculture-related services. It has also launched a fleet of the mobile offices allowing access to the Bank's products and services to the population of remote rural areas in Uzbekistan.

The Group is in the process of implementing a number of other projects aimed at expanding its sales channels, including AgroFinance Leasing, a leasing platform for agricultural and manufacturing businesses; Chakana, an e-commerce platform for individual farmers; and Leader Finance, a stock brokerage e-platform.

Attracting and retaining high-quality personnel

The Group's management considers that its ability to attract and retain high-quality management and employees is an important aspect of its overall aim to maintain a leading position in the market. The Group has continued to develop and implement an educational and training programme aimed at improving the professional skills of its entire workforce.

In order to support the expansion of its business, the Group is also investing in improving existing and the launch of new educational and training programmes for its employees and rolling out a KPI-based evaluation system across the Bank's distribution network. See "*Employees*".

Focus on Environmental, Social and Governance ("ESG") Principles

As an active participant in the development of the agricultural and manufacturing sectors in the Republic of Uzbekistan, the Group remains committed to ESG principles and practices.

As part of its ESG strategy, the Group is financing a number of environmental and social projects, including:

- **Agrobooks:** a library dedicated to sustainable agricultural practices, featuring the "100 Books" series on modern techniques in agriculture and the "40 Books" series on plant protection;
- **Agrolab:** a laboratory providing services for soil and water analysis, plant protection, and food product testing to agro-clusters, farmers, exporters and importers. Agrolab consists of five specialised laboratories: (i) Soil, Water, Fertilisers and Leaf Analysis, (ii) Phytopathology and Nematology, (iii) Agricultural Entomology and Herbology, (iv) Food Products Analysis (Toxicology) and (v) Food Microbiology;
- **Agro in Vitro:** a laboratory offering high-quality fruit and grape seedlings produced in international breeding centres, supporting farmers with premium planting materials;
- **Fermerlar Maktabi (School of Farmers):** the first project of its kind in Uzbekistan, this educational facility teaches young farmers modern agricultural technologies and entrepreneurial skills across key areas, including animal husbandry, poultry farming, vegetable cultivation, greenhouse farming, viticulture, horticulture, beekeeping, fish farming, business, finance and legal literacy.
- **Suvchilar Maktabi (School of Irrigators):** A project aimed at educating farmers and irrigators on modern irrigation methods based on international best practices;
- **Agromarkaz:** Regional service centres for homestead landowners, farmers and other agricultural entities, operating on a "one-stop shop" model to provide various agricultural services; and
- **Grant for Water Projects:** An initiative allocating UZS10 billion in grants to scientists for researching water management. Key focus areas include alleviating water shortages, developing innovative salt-washing methods, reducing water loss in irrigation and advancing water-saving technologies tailored to soil-climatic conditions and crop needs.

During 2019-2023, the Bank has financed irrigation projects in the aggregate amount of UZS5,387,700 million (equivalent of U.S.\$510 million).

In May 2023, the Bank, the Ministry of Water Management of the Republic of Uzbekistan and the Tashkent Institute of Irrigation and Agricultural Mechanisation Engineers National Research University commenced a joint project aimed at improving the practices of water users, especially farmers, aimed at achieving high productivity through efficient water use, as well as to transfer knowledge and share skills in the application of innovative water conservation technologies.

Business Operations

For IFRS purposes, the Group has been organised into two operating and reportable segments, each of which offers specific products and service and utilises unit-specific technologies, credit policies and marketing strategies. The following summary describes the Group's operating and reportable segments:

- **Corporate** covers loans and other credit facilities and deposit and current accounts for corporate and institutional customers; direct debit facilities, overdrafts; foreign currency and derivative products; and
- **Individuals** deals with retail banking, individual customers' deposits and consumer loans and advances.

Client Base

For operational purposes, the Group allocates its clients in one of the following categories depending on a number of factors, including, among others, asset size, turnover and account balances, amounts of outstanding loans and revenue generated by the Group. These categories are:

- state and municipal organisations;
- corporate clients; and
- retail customers.

As at 30 June 2024, the Group's clients included 2,734 state and municipal organisations, 332,651 corporates clients and 4,981,011 retail customers.

In the Group's IFRS reporting, the loan portfolio of the Group is divided into two operating segments (corporate and retail) and into three categories, being state and municipal organisations, corporate clients and retail customers. See "*Operating and Financial Review–Financial Position–Total Assets–Loan Portfolio*".

Corporate Banking

The Bank's corporate banking team provides banking services to state and municipal organisations and corporate clients. The Bank offers its corporate customers a number of banking products and services, including loans, term deposits and current accounts, fee- and commission-based products and services (including settlements, guarantees and letters of credit and other ancillary products and services). The Bank's principal corporate customers are state and municipal organisations and large companies operating primarily in the agricultural and manufacturing sectors in Uzbekistan as well as large industrial companies, companies operating in the construction, trading and service sectors of the Uzbek economy as well as certain of private entrepreneurs.

The Bank also participates in the interbank lending market and regularly raises and places short-term loans with banks in Uzbekistan, Europe, Asia and CIS. Interest rates and the amount of raised and allocated interbank loans are determined on the basis of bid/ask quotes in the national and international financial markets.

The Bank's strategic objective for corporate banking is to increase the share of higher margin products in its overall asset base while continuing to rely on subsidies and funding from the Government to finance loans to companies in the agricultural and manufacturing sectors in Uzbekistan.

In doing so, the Bank intends to leverage existing relationships with its corporate clients and acquire new clients through offering of high quality and innovative banking products tailored to the needs of the particular clients.

Corporate Products and Services

The Bank provides customers of its corporate banking department with a wide range of banking products which are discussed below.

Lending to state and municipal organisations

The Group facilitates the implementation of the Government's credit and finance policy through financing state and certain municipal organisations that operate in the agricultural and manufacturing sectors of economy of the Republic of Uzbekistan. In providing this financing, the Bank has relied, and continues to rely, on subsidised financing and other forms of state support (including deposits and capital injections) allowing the Bank to extend

loans to finance important infrastructure projects, including the development of the agricultural production and processing facilities, food industry, water conservation and regeneration and sustainable water management.

In addition, the Group is increasing its non-subsidised lending to borrowers in the developing and fast-growing sectors of the Uzbek economy.

Since 2020, the Group provided non-subsidised financing for a number of projects, including projects in the food processing, mechanical engineering, medical production as well as refining, agricultural, manufacturing, textile, infrastructure and transport and tourism sectors of economy in Uzbekistan.

Corporate Lending

The Bank offers its corporate clients investment loans and working capital loans nominated in Uzbek soum, U.S. dollars and euros and Chinese yuan. Working capital loans bear an annual interest rate of up to 21.0-24.0 per cent. per annum (depending on the currency of the loan) or, in case of subsidised loans, up to 10.0-14.0 per cent. per annum, for a period of up to 36 months. The Bank accepts pledge of moveable property and mortgages over real estate, as well as loan default insurance and suretyships as a collateral for these types of loan.

The Bank has also developed a range of dedicated credit products for farmers. The loans are available for farmers and other entities (which plant fruits and vegetables) that have signed a trilateral agreement with the local authorities and the Ministry of Agriculture of the Republic of Uzbekistan. Working capital loans are provided for a period of up to 18 months with a grace period (during which no amortisation payments are made) of up to 12 months with an annual interest rate of up to 23.0 per cent. (or, in case of subsidised loans, up to 10.0 per cent.) per annum. Loans to purchase fixed assets (including refrigeration warehouse and greenhouse equipment) are provided for a period of up to 10 years with a grace period of up to 24 months with an annual interest rate of up to 23.0 per cent. per annum (or up to 10.0 per cent. per annum for subsidised loans) (in soum) and up to 12.0 per cent. per annum (in foreign currency, funded through foreign credit lines).

Corporate Deposits

The Bank offers a range of current and term accounts to its corporate customers, and seeks to develop and offer new products to meet customer needs. The Bank offers competitive interest rates on its corporate deposits and seeks to support margins through operational efficiencies and through its mobile and online platforms. As at 30 June 2024, the Bank had over 121,466 corporate depositors and the aggregate volume of customers accounts of state and public organisations and corporate customers amounted to UZS9,075,113 million, representing 51.3 per cent. of the Group's total customer accounts. The Bank offers soum-denominated deposit products with tenors of up to two years, the interest rate of up to 18.0 per cent. per annum and no cap on deposit amount. The interest is paid on a monthly basis every month without capitalisation. In case of full or partial withdrawal of the deposit the Bank reduces the interest paid. The Bank offers foreign currency-denominated deposit products with tenors of up to two years, the interest rate of up to 5.0 per cent. per annum and no cap on deposit amount. The interest is paid on a monthly basis without capitalisation. In case of full or partial withdrawal of the deposit the Bank pays no interest.

Documentary Operations

Documentary operations are an important tool of international banking. During the period under review, the Bank has increased the volume of export and import letters of credit. The Bank has several international correspondent banking relationships and, as a result, its letters of credit and collection are accepted by the majority of the leading banks globally and many of the major banks in Europe and Asia. The Bank provides documentary operations for its clients in U.S. dollars, euros, Russian roubles, British pounds sterling, Japanese yen and Chinese yuan. The Bank has a wide network of correspondent banks, represented by leading banks in Europe, Asia and the USA, such as the Bank of New York Mellon, Commerzbank, LBBW, Helaba Bank, Keb Hana Bank and others. As at 30 June 2024, the Bank had 13 correspondent banks, including 10 foreign banks in 6 countries.

The main clients of the Bank's documentary operations services are companies in the textile, manufacturing, transport and communications sectors. For its letters of credit, the Bank utilises funding from foreign bank credit lines, the UFRD loans and the Bank's own funds. For the six months ended 30 June 2024, the Bank has opened

58 import letters of credit for the total amount of UZS1,137,065 million. For the year ended 31 December 2023, the Bank has opened 134 import letters of credit in the aggregate amount of UZS3,470,674 million.

Foreign Exchange Operations and Money Transfers

The Bank is an active participant in the interbank currency market since 1992. The Bank provides the following currency products: (i) attraction and subsequent placement of funds of partner banks and corporate clients in major freely convertible currencies (USD, EUR, JPY, GBP, RUB, CHF, CNY) for various periods at current rates of the interbank money market; and (ii) carrying out spot and forward foreign exchange operations in the international FX market in major world currencies such as, USD, EUR, RUB, JPY, GBP, CHF and CNY. The Bank also provides the ancillary advisory services to its clients.

Clients of the Bank can utilise international money transfer systems to send and receive cash and wire transfers. The Bank commenced operations in the international money transfer market in Uzbekistan in 2009 and currently has access to a number of leading money transfer systems, including Contact, Western Union, UniStream, Zolotaya Korona, MoneyGram and Asia Express. As at 1 September 2024, the Bank had 217 offices processing international money transfers. The Bank is also working on the integration of international money transfer capability into its online and mobile banking solutions.

Since the increase of Russian-Ukrainian hostilities in 2022 and the resulting sanctions imposed by the U.S., EU, the UK and other international bodies on Russia and/or persons in or related to Russia, the Bank no longer provides money transfer or remittance services via Russian banks or financial institutions. Rather, it provides all money transfer and remittance services for Uzbek nationals living in Russia via Russian subsidiaries of Uzbek banks in the region, namely Asia-Invest Bank.

Retail Banking

The Bank offers its retail clients a wide range of loans (including consumer loans, mortgages, car loans, agriculture and education loans), saving products (on demand and term deposits), debit and credit cards, payment processing, FX operations and safety deposit boxes.

As at 30 June 2024, the Bank had over 4.9 retail customers. The Bank's retail customer base includes employees of the Bank's payroll clients and their business partners. As at 30 June 2024, the number of employees of the Bank's corporate clients was more than 800,000. The Bank is continuously developing and expanding its retail offering (through the offer of new retail products and solutions) and upgrading its online and mobile applications to improve its penetration of the retail market.

As part of its retail business development strategy, the Bank offers payroll debit cards with the possibility of obtaining an overdraft loan and offered credit cards to certain of its retail customers. The Bank sees a significant growth potential in offering debit cards with overdraft and credit cards and is actively developing new products and expanding its sales channels.

Retail Products and Services

The Bank offers its retail customers a wide range of banking products through its branch network and online and mobile banking applications:

Retail Loans

The Bank's retail loans are granted to the following categories of retail borrowers: (i) employees of the Bank's payroll clients, (ii) public servants; and (iii) other clients.

The Bank offers a variety of retail loans, including mortgage, consumer, car, agricultural and education loans. The Bank offers the loan products on the following conditions:

- mortgages – provided for purchase of real estate housing for up to 20 years. The Bank requires collateral in the form of mortgage of the real estate acquired for this type of loan covering at least 125.0 per cent. of the amount of the loan.

- consumer loans – provided for consumer purposes for up to five years, aggregate amount of up to UZS50 million and interest rate of up to 27.0 per cent. per annum. The Bank requires collateral covering at least 125.0 per cent. of the amount of the loan.
- car loans – provided for purchase of cars for up to five years and with interest rate of up to 27.0 per cent. per annum. The Bank requires the vehicle to be pledged in favour with the Bank with the car valuation of at least 125.0 per cent. of the amount of the loan.
- agricultural loans – provided to individual entrepreneurs in Uzbek soum for investment in agricultural projects and as working capital loans. The tenor of the investment projects loans is up to three years and of working capital loans - up to three months with an interest rate of up to 26 per cent. (or, in case of subsidised loans, up to 14.0 per cent.) per annum. The Bank requires collateral covering at least 125.0 per cent. of the amount of the loan.
- education loans – provided for the education of students in higher educational institutions of the Republic of Uzbekistan on a contract basis with the amount varying depending on the education facility in question. The interest rate is up to 14.0 per cent. per annum and the loans are provided for up to seven years. The Bank requires third party suretyships covering the full amount of the loan.

In the six months ended 30 June 2024, the Group's retail loan portfolio decreased by UZS1,184,172, or 10.9 per cent. to UZS9,640,675 million from UZS10,824,847 million as at 31 December 2023. The retail customer accounts of the Group increased by UZS1,437,036 million, or 20.0 per cent., from UZS7,193,323 million as at 30 June 2023 to UZS8,630,360 million as at 30 June 2024.

The Group's retail loan portfolio increased by UZS2,289,195, or 26.8 per cent. to UZS10,824,847 million as at 31 December 2023 as compared to UZS8,535,652 million as at 31 December 2022. As at 31 December 2023, the Group had gross carrying amount of NPLs in the amount of UZS3,141,998 million. The retail customer accounts of the Group increased by UZS2,814,540 million, or 64.3 per cent., from UZS4,378,783 million as at 31 December 2022 to UZS7,193,323 million as at 31 December 2023.

Customer Deposits

The Bank offers several deposit programmes on flexible terms. For deposits in Uzbek soum the deposit tenor varies from one month to 120 months, with the deposit amount of at least UZS500 thousand and with an interest rate of between 14.0 and 23.0 per cent. per annum. For deposits in foreign currency the deposit tenor varies from one month to 24 months, with the minimum deposit amount of U.S.\$100 and interest rate of between 5.5 and 7.5 per cent. per annum.

Bank Cards

The Bank is a principal member of leading local (UzCard and HUMO) and international (VISA, MasterCard and UnionPay) payment systems and offers its client a wide range of debit and credit cards.

As at 30 June 2024, the number of debit and credit cards issued by the Bank was approximately 4.8 million, of which approximately 1.1 million were UzCard and UnionPay-branded, Mastercard co-badged bank cards, approximately 3.3 million – HUMO-branded, VISA co-badged bank cards and approximately 0.4 million were VISA-branded bank cards.

The Bank offers different types of cards, including debit cards, credit cards, virtual cards and instalment cards. The Bank's cardholders enjoy a number of benefits, including cashback services, loyalty and discount programmes, HUMO Bonus, cash withdrawal from ATMs without a bank card, receiving cards 24/7 through card machines in all regions of the republic, as well as cash replenishment through ATMs and ADM devices. The total turnover of bank cards in 2023 as compared to 2022 increased by UZS21,845,700 million and amounted to UZS110,729,580 million, including turnover in sales and service outlets of UZS21,761,455 million.

Foreign Exchange Operations and Money Transfers

The Bank's retail clients have access to FX operations and money transfers through the Bank's branch and distribution network as well as through the Bank's online and mobile banking platforms.

Treasury

The Bank's Treasury department manages liquidity of the Bank through analysis of instant, current and long-term liquidity, preparation of liquidity forecasts, determination of the Bank's liquidity needs, assessment of the impact of Bank's operations on liquidity and review of liquidity ratios for each currency position. It is responsible for liquidity management, in particular, through securities trading. The Bank has an investment portfolio consisting primarily of Government treasury securities and a smaller proportion of equity securities of Uzbek issuers.

International Relations

The Bank has established close relationship with leading IFIs and foreign banks. It has attracted financing from a number of IFIs, including Credit Suisse (now UBS), Commerzbank, Eximbank (Hungary), Aktif Bank (Turkey), Raiffeisen Bank International, China Development Bank, Ziraat Bank and Islamic Corporation for the Development of Private Sector. The Bank has a wide network of correspondent banks, represented by leading banks in Europe, Asia and the USA, such as the Bank of New York Mellon, Commerzbank, LBBW, Helaba Bank, Keb Hana Bank and others.

Distribution Network

As a part of its strategy, the Bank expects that its retail branch networks will remain the main channel for customer interaction with increasing focus on digital channels, such as online and mobile banking systems.

The Bank operates through its head office in Tashkent and a diversified branch and distribution network which, as at 1 September 2024, included 14 regional offices, 171 branches, 598 self-service 24/7 outlets, 95 banking service centres, 186 exchange points, 217 international money transfer offices, 266 bank cashdesks and 1,468 ATMs supported by an integrated online banking platform and mobile application.

Branches

As at 1 September 2024, the Bank had 171 branches. The main function of the branches are integrated sales and customer consulting. The Bank's branches operate seven days per week, with extended opening hours to accommodate its customers' needs and allow access to the whole range of the Bank's banking products and services. The Bank is endeavouring to further expand its branch network in order to attract high-quality retail customers and gradually transition them to the Bank's online and mobile banking platforms.

Points of sale

As at 1 September 2024, the Bank served its clients through 598 self-service 24/7 outlets, 95 banking service centres, 186 exchange points and 217 international money transfer offices.

Banking Services Centres

Banking services centres are the Bank's separate divisions offering same range of services as the branches. The centres for banking services are aimed to provide for availability and convenience of banking services offered by the bank to corporate and retail clients.

Self-Service Outlets

Self-service outlets provide for cash collection from individuals in self-service mode. The self-service outlets represent an alternative to the branches in terms of regional expansion and are generally opened in those areas where the opening of branches would not be practicable or commercially viable. The clients may pay for mobile services, internet, utilities and telephone and other services using their bank cards, as well as execute other banking transactions and manage their accounts.

Foreign Exchange Points

The Bank operates foreign exchange desks in all branches and banking centres. The foreign exchange offices provide services to customers for currency exchange from local currency to foreign currencies (as well as from foreign currencies to local currency) such as USD, EUR, RUB, CHF, JPY and GBP.

ATMs

As at 1 September 2024, the Bank has operated 1,468 ATMs, 340 information kiosks and 37,849 terminals, of which 36,261 are in retail outlets and 1,568 in bank service outlets. The transaction turnover in the terminal network of the Bank for the year ended 31 December 2023 amounted to UZS20,876,000 million.

Internet and Mobile Banking

The Bank provides its customers with 24/7 access through its online and mobile banking applications. As at 30 June 2024, the total number of users of the Bank's online and mobile applications exceeded 1,000,000.

The Bank's online and mobile banking platforms allow the Bank's customers to access and manage their bank accounts and utilise the Bank's services and products. Clients can submit financial documents to the Bank, pay for goods and services and manage their accounts.

Competition

The banking market in Uzbekistan is highly consolidated and competitive. According to the CBU, as at 1 August 2024, the five largest banks held 55.3 per cent. of total banking assets in Uzbekistan. As at 1 August 2024, the Bank's share of total banking assets in Uzbekistan was 10.4 per cent.

The Bank faces competition from the leading domestic banks in each of the business areas in which it operates, and also from a number of banks with foreign participation in retail business. However, currently, the Bank's management does not consider foreign banks to be significant competitors. The Bank considers its major competitors to be:

- in corporate banking segment: NBU, SQB, Asakabank, Ipoteka-Bank and Hamkorbank;
- in retail segment: Hamkorbank, Kapitalbank, SQB and Ipoteka-Bank; and
- in investment banking segment: SQB, Asakabank and Ipoteka-Bank.

See "*Risk Factors–The Bank operates in a competitive industry*", "*Risk Factors– The Bank may not be able to successfully implement its strategy to grow its business, and may be subject to risks relating to its business expansion*" and "*–The Bank may not be able to accurately assess the credit risk of potential and current borrowers*".

Sustainability

The Bank, as a state-owned financial institution, is committed to promoting sustainability within the agricultural sector while supporting the livelihoods of the farming community. The Bank actively promotes environmentally friendly farming techniques and supports projects aimed at reducing the environmental impact of agricultural activities. Through financial services, the Bank empowers rural communities, enhances infrastructure and supports entrepreneurship, all while investing in modern agricultural technologies to boost productivity and efficiency. The Bank collaborates with IFIs and development agencies to access funding and expertise, participating in global initiatives for sustainable agricultural development. The Bank prioritises environmental responsibility by minimising its environmental impact, optimising resource use and increasing the adoption of renewable energy. The Bank's Sustainability Team, comprising key specialists, is responsible for screening Eligible Green Projects, preparing investor reports, and maintaining the Green Finance Framework, ensuring the Bank's commitment to sustainability is upheld at every level.

Information Technology

The Bank considers information technology to be a vital and integral element of its transformation into a modern universal banking institutions offering a comprehensive range of banking products, services and solutions.

The Bank's IT development policy is aimed at modernising the existing information technology infrastructure and improving the reliability, safety, efficiency and scalability of its information systems.

The Bank operates a primary data centre in Tashkent with a number of back-up systems located across Uzbekistan to ensure business continuity during the times of natural and technological disasters. The Bank currently utilises a number of high-grade software systems and solutions, including NCI, core banking software, online and mobile banking and human resources management software.

The Bank's current IT system was assessed in 2021, covering the core banking system, IT infrastructure, project implementation efficiency and information security systems.

The Bank's 5-year digital transformation strategy, developed with the assistance of KPMG, focuses on implementing a new core banking system, advancing data technologies, building in-house IT teams for project execution, attracting qualified foreign IT experts, adopting agile transformation and implementing comprehensive automated security systems.

The Bank's core system software (including core banking software, online and mobile banking platforms and human resources software) is based on Fido Business LLP and IBM hardware is used for the database servers of the Bank and its online and mobile banking applications. See also "*Risk Factors–Risks Related to the Group's Business and Industry–The Bank's IT systems may malfunction, fail to secure the Bank against hacking, or be insufficient to support future business expansion*".

Insurance

The Bank holds third party liability insurance and real estate and asset insurance policies from My Insurance LLC and Kafil Sugurta LLC and JSC Uzagrosugurta covering the buildings and premises owned by the Bank. The Bank also has insurance for its valuables on its premises, including case in the operational offices, payment terminals and ATMs.

The Bank participates in the state deposit insurance programme. The State Deposit Insurance Fund guarantees repayment of 100.0 per cent. of individual deposits in case of business failure and revocation of the CBU banking licence.

Employees

The following table set forth the number of employees of the Bank as at the dates indicated below:

	As at 30 June		As at 31 December	
	2024	2023	2022	2021
Total	6,167	6,249	6,117	5,664

As at 30 June 2024, 6,167 employees worked for the Bank. One of the primary focuses of the Bank's corporate policy and values is its personnel and its continuous development. The Bank aims to create and foster an innovative, engaging, results-oriented workspace that will allow it to attract the brightest and most qualified personnel.

In the implementation of these strategic objectives, the Bank is investing in the education and training of its personnel.

There is a collective bargaining agreement in place with the Bank's employees which regulates employments rights and benefits and professional duties.

The pension system of Uzbekistan requires contributions from the Bank in respect of its employees, calculated as a percentage of current gross salary payments. To support its qualified personnel and to stimulate the professional development, the Bank has implemented a policy on non-state pension arrangements that provides for additional pension benefits to certain types of employees.

Legal Proceedings

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

Criminal proceedings involving Mr Jakhongir Khaidarov

In December 2022, criminal proceedings were commenced with respect to Mr Jakhongir Khaidarov, the Deputy-Chairman of the Management Board of the Bank, on charges of embezzlement, abuse of power or official authority and negligence. The charges related to the granting of a loan in the aggregate amount equivalent to approximately U.S.\$2 million by one of the regional branches of the Bank that Mr Khaidarov managed in 2019-2021, and subsequent misappropriation of the loan proceeds by the borrower.

In January 2023, the Uzbek courts ordered the temporary removal of Mr Khaidarov from his position and the Bank immediately suspended him from his position pending the outcome of the criminal proceedings. The Bank successfully enforced the security provided for the loan in question and has not sustained any losses in respect thereto.

Mr Khaidarov was initially convicted on the charges of embezzlement, abuse of power or official authority and acting with negligence in the performance of his official duties. Upon appeal, in November 2023, the appellate court quashed Mr Khaidarov convictions on all the charges save for acting with negligence in the performance of his official duties. Mr Khaidarov filed an appeal against the latest court decision with the Judicial Board for Criminal cases of the Supreme Court of the Republic of Uzbekistan.

Neither the Bank nor any of its other officers or employees were involved in these criminal proceedings. Pending the outcome of the revision complaint, Mr Khaidarov remains suspended and does not currently perform any official or unofficial duties in the Bank. Under Uzbek law, Mr Khaidarov's position cannot be terminated until the Supreme Court decides on the appeal.

The Supreme Court's revision hearing is scheduled for October 2024. Should the conviction be upheld, Mr Khaidarov will be summarily dismissed from the Bank.

RISK MANAGEMENT

The Bank is subject to banking risks, including credit, market, liquidity, operational, macroeconomic, reputational, strategic and anti-money laundering ("AML") risks. Accordingly, the Bank considers the risk management to be an important part of its overall corporate management strategy. The following is a description of the Bank's risk management policies and procedures in respect of the aforementioned risks. For a more detailed description of the Bank's risk management policies and procedures, see Note 26 to the Interim Financial Statements, Note 27 to the 2023 Financial Statements and Note 26 to the 2022 Financial Statements.

In order to ensure efficiency of the risk management system, the Bank implemented a three-tier risk management model which is structured as follows:

- first tier – the Treasury and all business divisions which are subject to banking risks in their day-to-day operations. Prior to the entry into the agreements binding the Bank, the first tier divisions of the Bank assess the level of risk vis-à-vis the existing limits, develop and implement the necessary risk compliance and monitoring measures and notify the second tier divisions of the relevant risks;
- second tier – the Risk Management Department, the Banking Security Department (which deals with cyber security) and risk underwriting divisions of the Bank. The second tier departments are responsible for the identification and assessment of risks, the development of the risks assessment and management methodology, forecasting the levels of risk, stress-testing, development of risk reduction measures, compliance procedures, legal due diligence of customer documentation and reporting to the Management Board; and
- third tier – the Internal Audit Department that assesses the efficiency of the internal control and risk management systems of the Bank.

Risk Management Structure

Risk Management Bodies

The key risk management bodies of the Bank are:

- the Supervisory Council;
- the Management Board;
- the Risk Management and Compliance Control Committee;
- the Credit Committee;
- the Liquidity Management Committee;
- the Internal Audit Department;
- the Risk Management Department;
- the Treasury; and
- the first tier divisions of the Bank.

Supervisory Council

The Supervisory Council is responsible for the approval of the Bank's risk management policy (including policies in relation to the risk identification, management, monitoring and reporting), granting certain approvals and authorisations relating to risk management and providing recommendations based on risk reports. It is also responsible for overseeing compliance with prudential requirements and capital adequacy requirements, established by the CBU. See "*Management –Supervisory Council*".

Management Board

The Management Board is responsible for managing the effective operation of the risk management system within the Bank (based on the risk appetite of the Bank and the Bank's risk management policy). The Management Board implements the risk-related policies in the daily activity of the Bank, approves risk policies developed by the Risk Management Department, establishes risk limits and reports to the Supervisory Council on the risk management status and results of stress testing. See also "*Management—Management Board*".

Risk Management and Compliance Control Committee

The Risk Management and Compliance Control Committee develops risk management and internal control regulations (including risk appetite policy and market risk management policy and prevention of conflicts of interest policy); monitors the Bank's risk management system, reviews and updates risk assessment and stress testing methodologies and reviews reports on risk management status from the Risk Management Department. It also reports to the Supervisory Council on at least quarterly basis and advises the Supervisory Council on the proposed risk reduction measures.

Credit Committee

The Bank's Credit Committee is responsible for supervising and managing the Bank's credit risk. The Credit Committee develops the Bank's credit policy, submits it to the Management Board for consideration which is then finally approved by the Supervisory Council. The Credit Committee establishes credit limits by branches and bank products and monitors the level of risk by respective business segment. It also participates in the decision-making process in relation to risk acceptance or risk avoidance with respect to transactions and operations in certain segments of the Bank's business and projects whose aggregate size exceeds the established limit for the respective branch.

Liquidity Management Committee

The Liquidity Management Committee performs continuous monitoring of market risks, reviews the Bank's market risks reports, adjusts the Bank's liquidity position based on stress test results, imposes internal market risk limits, manages the Bank's market risks and currency position and reports to the Supervisory Council and Management Board on the Bank's market risks.

Internal Audit Department ("IAD")

The IAD is tasked with the maintenance and development of the Bank's risk management system. The IAD conducts risk-focused testing of risk management systems of the Bank, develops recommendation on the improvements of the Bank's risk policies to the Supervisory Council and monitors the implementation of the necessary changes to the risk management procedures and processes. It examines the Bank's compliance with applicable laws and regulations, CBU regulations, internal policies and other internal documents of the Bank. The IAD also presents to the Supervisory Council, the Audit Committee and the Management Board regular performance reports that include information on key risks, defects, results and effectiveness of the measures taken to eliminate identified defects, results of internal audit performance, results of assessment of actual status, reliability and efficiency of the risk management system, internal control and corporate management.

The Risk Management Department

The Risk Management Department: (a) identifies and assesses the existing and potential risks arising in the context of the Bank's on- and off-balance sheet transactions; (b) develops risk management regulations with respect to, among others, credit, market, currency and liquidity risks; (c) monitors the volume of problem loans and NPLs with the assistance from an independently operating NPL workout unit; (d) continuously monitors the risk appetite and risk limits of the Bank; (e) undertakes regular (at least quarterly) stress testing and reports to the Supervisory Council, the Management Board and the Risk Management and Compliance Control Committee; and (f) conducts risk management training for the Management Board and employees of the Bank.

The Risk Management Department operates independently from structural divisions of the Bank whose primary aim is business generation (first tier divisions of the Bank) or assessing efficiency of the internal control and risk management systems (third tier divisions of the Bank).

Treasury and other First Tier Divisions

The Treasury of the Bank conducts regular monitoring of the funding markets and, together with the other business divisions of the Bank, assesses the risks arising in the context of the Bank's day-to-day activity vis-à-vis the existing risk limits established by the Bank and report to the second tier divisions of the identified risks and compliance issues.

Risk measurement and reporting

The Bank measures risk using a method which is based on scenario analysis, value at risk, scoring and expert estimation methods and stress testing. For each type of risk the Bank identifies factors (both internal and external) that affect formation of risks as well as severity of consequences grading them by catastrophic, critical, significant, moderate and insignificant. Taking these factors into consideration, the Bank prepares a risk matrix visualising risk impact and probability.

The risk management report is prepared by the Risk Management Department on at least a quarterly basis and submitted for review to the Supervisory Council, the Management Board and the Risk Management and Compliance Control Committee. The report includes information on main risks and their structure, capital adequacy and structure, analysis of the capital demand (current and future), Bank's liquidity position, analysis of the assets and liabilities nominated in foreign currencies, stress testing results, compliance with agreed risk appetite and prudential requirements.

Risk management process

Four steps for risk management include identification of a risk, assessment of the identified risk and potential threats and consequences, risk mitigation and regular monitoring. As required by the CBU regulations, Basel regulations and best industry practices, the Bank develops policies and procedures for identification, assessment and reporting in relation to each material risk.

Risk identification and assessment

Risk identification and assessment aim at presenting a general view on existing risks and their size by basic ranking allowing to identify the weak spots in the Bank's operations. This process helps to evaluate the methods and procedures used for risk management at the Bank. While identifying and assessing the risks the Bank uses internal risk classification systems based on analysis of the types of risks relevant to the Bank. The Bank also determines key risk identifiers and key control indicators that are used for risk identification and assessment and decision-making process.

Risk identification is typically managed through at least one of the following methods: risk matrix, questionnaires, empirical analysis (based on factual historical data) and early warning system (based on both qualitative and quantitative indicators).

Risk assessment and assessment of potential threats and consequences is performed through at least one of the following approaches depending on risk type and class of importance:

- value at risk;
- loan portfolio at risk;
- default identification;
- stress-testing;
- management of the risk appetite;
- management of economic capital; and
- GAP analysis.

Based on results of the risk identification and assessment the Risk Management Department prepares a report with a detail description of the methods applied to risk identification and assessment and proposed methods and instruments for risk mitigation. The report is passed over to the Risk Management and Compliance Control Committee for review and further decision-making.

Risk mitigation

The Bank uses the following risk mitigation methods:

- *Risk mitigation and control*: preventive control and an action plan in case the risk materialises, including reduction of the risk probability and change in risk triggers or risk consequences in order to reduce potential losses. Risk mitigation and control include the following instruments:

- monitoring;
 - establishing limits; and
 - diversification, which is a structural risk management tool that reduces the risk by allocating the overall risk among various risk bases to prevent risk concentration on specific asset or client.
- *Risk retention/acceptance*: creating reserves by the Bank, in case the risk materialises. The reserves are made to prevent debt losses in case of the client's bankruptcy and are calculated based on the methodology set out in the CBU rules.
 - *Risk financing*: assignment of the potential losses from the risks to the clients or partners through product prices or transaction costs.
 - *Hedging*: a strategy used to prevent potential losses from unfavourable market prices. Hedging instruments (forwards, futures, options, swap contracts) are usually used to manage the market risk. In hedging the FX risks, the Bank makes limited use of derivative instruments and primarily enters into spot FX transactions. The Bank is also aiming to utilise a natural hedge by matching the currency of the Bank's assets to that of its liabilities.
 - *Insurance*: transfer of the risk (partially or in full) to an insurance company in return for a payment.
 - *Risk avoidance*: deciding against continuing or taking an action that triggers the risk.
 - *Quality requirements*: establishing requirements for those risk bases that are dependent on quality of applied technology or procedures (e.g. reputational risk, strategic risk, etc.).

Monitoring

Based on decision of the Risk Management and Compliance Control Committee, the Risk Management Department monitors the risk trends. In case there is a trend toward increase of the risk level or the risk level remains at the same level the Risk Management Department performs a repeated risk assessment and reports the results to the Risk Management and Compliance Control Committee.

The Risk Management Department's monitoring activities are based on a standalone monitoring policy adopted by the Bank. Among other things, the Bank monitors the collateral and its market value, undertakes the customer business plan analysis and verifies the intended use of proceeds.

Credit risk

Credit risk is the risk that a borrower or counterparty will be unable to pay amounts in full or in part when due. Credit risk arises mainly in the context of the Bank's lending activities and other transactions with counterparties giving rise to financial assets. The Bank developed and implemented an internal rating system (based on the type, complexity and volumes of the Bank's operations with the counterparties) to manage its credit risk. The internal system determines the creditworthiness of the borrower, assigns ratings to corporate and retail borrowers based on the Bank's proprietary scoring algorithms.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups its loans into three categories, as described below:

- Stage 1: Loans for which no significant increase in the credit risk level has been recorded since initial recognition and provisions for this group are created based on twelve months expected credit losses, and interest is calculated based on the gross book value.
- Stage 2: Loans for which a significant increase in the credit risk level has been recorded since the initial recognition and for which provisions equal to the expected credit losses amount for the loan's lifetime, and interest income is calculated based on the gross carrying amount of the asset.

- Stage 3: Loans considered credit-impaired for which provisions equal to the expected credit losses amount for the loan's lifetime, and interest income is accrued based on the carrying amount of the asset, net of loss allowance.

The Bank's management believes that the level of allowance for impairment of loans to customers as at 30 June 2024 is sufficient to cover expected credit losses.

Exposure to credit risk is managed, in particular, through implementation of loan approval procedures and collateral. In addition to the aforementioned ratings methodology, the Bank uses the following instruments to manage the credit risk:

- risk mitigation method based on calculating and establishing the risk limits, including single borrower limits, group of related borrowers' limits, limits on lines of business and credit products, economic sector (activity) limits, NPLs limits, geographical/branch limits, type of collateral, currency limits, limits in relation to partner / issuer and others;
- creating sufficient level of provisions for potential losses; and
- hedging against credit risk.

Loan approval procedures

The loan approval procedures are set out in the credit risk management policy and establish the minimum requirements for the borrowers, set out factors that will result in the refusal of the loan application and contains the creditworthiness assessment methodology and rating modelling. The loan approval decisions are made by the Bank's credit committees and underwriters. The Bank's internal limits for interbank loans (set at 20.0 per cent. of the Bank's Tier 1 capital) are established by the Supervisory Council. The Supervisory Council sets limits on specific counterparties of the Bank after reviewing reports from the relevant divisions of the Bank including the Risk Management Department. The Bank may create minor credit committees for approval of certain types of loans (consumer loans, mortgages, etc.).

Pursuant to the Bank's charter, the decisions on approving loan agreements for loans with a value up to 15.0 per cent. of the Bank's net assets are made by the Management Board of the Bank. The Management Board of the Bank delegated the power and authority to make decisions on the aforementioned category of loans to the Bank's Credit Committee and, therefore, the decisions on entering into loan agreement with a single borrower or a group of related borrowers are made by:

- business divisions within established limits; and
- the Credit Committee for the loans with a value up to 15.0 per cent. of the Bank's net assets.

Where the size of the transaction is, or above, 15.0 per cent of the Bank's net assets, such transaction is subject to approval by the following Bank's collegiate bodies:

- the Supervisory Council – entering into/amending major loan transactions of a single borrower or a group of related borrowers with the loan size (including all existing obligations) exceeding 15.0 per cent. but less than 50.0 per cent. of the Bank's net assets as at the date of such decision, as well as transactions with related parties regardless of the loan size; or
- the General Shareholders Meeting - entering into/amending major loan transactions of a single borrower or a group of related borrowers with the loan size exceeding 50.0 per cent. of the Bank's net assets as at the date of such decision, as well as transactions with related parties and affiliates regardless of the loan size if approval of such transactions by a general shareholders meeting is required as a matter of law.

The respective risk management bodies of the Bank hold meetings on an as-needed basis but at least once a month.

To prevent risk concentration, the Bank has established the following limits:

- maximum risk exposure for a single borrower or a group of related borrowers (including loans, guarantees not covered by cash and suretyships, instalment letter of credit, factoring and leasing, off-balance obligations and accrued interest) shall not exceed 25.0 per cent. of the Bank's Tier 1 capital on the date the loan is granted. Such limits are not applicable to the loans secured by:
 - state securities, guarantees or other obligations of the Uzbek government;
 - deposits placed with the Bank on special accounts where the loan or other agreement expressly provides that such deposit secures payment obligations under the loan; and
 - guarantees of the CBU and securities issued by the CBU.
- maximum risk with respect to unsecured loans shall not exceed 5.0 per cent. of the Bank's Tier 1 capital;
- the aggregate amount of the loans granted to related parties shall not exceed 50.0 per cent. of the Bank's Tier 1 capital; and
- the aggregate amount of major loans (being loans with the value exceeding 10.0 per cent. of the Bank's Tier 1 capital) shall not exceed the Bank's Tier 1 capital by more than 5 times.

The Bank established the following limits for concentration by industry:

Type of business activity	Maximum exposure in loan portfolio
	%
Agricultural and cooperative	65
Every Family Entrepreneur Programme	30
Others.....	45

The Bank also cooperates with the Credit Bureau to grant access to information on borrower's credit transactions and credit record. The Bank has a right to decline loan granting if the borrower does not provide required documents and consents for access to respective credit records.

Collateral

The Bank procures collateral to reduce credit risk. The Bank accepts the following types of collateral:

- default insurance issued by the duly licensed insurance companies of the Republic of Uzbekistan;
- guarantees;
- mortgages of real estate;
- pledges of equipment, vehicle and inventory;
- cash deposits;
- state guarantee; and
- other collateral, not prohibited by the laws of the Republic of Uzbekistan.

The Bank does not accept the following as collateral:

- suretyships from budgetary or non-state non-profit organisations;
- suretyships from financially unviable companies; suretyships from individuals and legal entities that do not have liquid assets sufficient to repay the loan and interest or that pledged such liquid assets or that do not comply with the requirements applicable to borrowers, including those individuals or entities that have illiquid balance or loss-making business;
- illiquid property, property susceptible to damage, fast depreciation or other negative factors;
- property that is not subject to denationalisation, privatisation or repurchase as specified in applicable legislation;

- liabilities that are intimately connected with the personality of the pledgee (alimony payments, compensation for damages caused to life or health, other claims which assignment to another person is prohibited by law);
- property of individuals that cannot be seized according to applicable legislation (the only housing (except for mortgage loans), household items, etc.);
- movable and immovable property that has a limited demand or market for sale in respective region or which evaluation price is higher than the price of similar property in such region;
- property of legal entities that hold only a right to operational management of such property;
- special and agricultural equipment, that was not duly registered; and
- shares and participatory interests in legal entities that do not comply with requirements set out in Law on Banks and Banking Activities.

The Bank enforces collateral primarily through the procedures sanctioned by the Uzbek courts.

Off-balance sheet risk

The Bank applies fundamentally the same risk management policies to off-balance sheet risks as it does to its on-balance sheet risks. The off-balance sheet risk is primarily monitored by the Credit Department of the Risk Management Department.

Market risk

The market risk includes stock market, commodity, currency and interest risks. Stock market risk is a risk of financial losses from unfavourable changes in market price of the instruments in securities portfolio.

Commodity risk is a risk of financial losses from fluctuations of prices of precious metals, precious stones and coins.

Interest risk is a risk of financial losses from unfavourable changes in interest rates on assets, liabilities and other contingencies. The Group is exposed to interest rate risks as it borrows funds at both fixed and floating rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings. The Risk Management Department also manages interest rate and market risks by matching the Group's interest rate position, which provides the Group with a positive interest margin. The Risk Management Department conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in interest rates and its influence on the Group's profitability. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. 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 is a risk of financial losses from fluctuations in foreign exchange rates of foreign currencies.

The currency risk also includes risk of change in the value of assets and liabilities as a result of imbalances in the amount of assets and liabilities with a floating interest rate and as a result of fixed interest rate maturity gap. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Risk Management Department controls currency risk by managing the open currency position on the estimated basis of soum devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimise losses from significant currency rates fluctuations towards its national currency. The Risk Management Department performs daily monitoring of the Group's open currency position with the aim to match the requirements of the CBU.

Other price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual shares. The non-trading equity price risk exposure arises from the Group's investment portfolio.

Geographical concentration risk

The Risk Management Department exercises control over the risk in the legislation and regulatory area and assesses its influence on the Group's activity. This approach allows the Group to minimise potential losses from the investment climate fluctuations in the Republic of Uzbekistan.

Liquidity risk

The Bank's liquidity risk mainly arises as a result of a mismatch between the maturities of the Bank's assets and liabilities. The liquidity risk is controlled and monitored on a daily basis by the Treasury Department. The share of liquid assets is maintained at a level sufficient to satisfy obligations to customers and fulfil the requirements established by the CBU. The Bank carries out regular GAP analysis of liquidity and takes measures to manage the maturity of assets and liabilities in order to ensure financing of assets with liabilities with appropriate maturities. The Risk Management Department carries out stress testing of liquidity positions of the Bank on at least quarterly basis based on cash-flow based stress-test model using pessimistic assumptions.

The Bank developed the liquidity risk management system that covers the following:

- liquidity risk appetite;
- liquidity risk management policy;
- assessment and monitoring of liquidity risk;
- liquidity risk limits;
- intraday liquidity risk management;
- emergency funding planning;
- stress testing of liquidity risks; and
- regular liquidity risk reporting.

The Risk Management Department and the Treasury Department control these types of risks by means of maturity analysis, determining the Group's strategy for the next financial periods. Current liability is managed by the Treasury Department, which is engaged in transactions on the money markets for current liquidity and cash flow optimisation.

In order to manage liquidity risk, the Group performs daily monitoring of future expected cash flows on customers' and banking operations, which is part of assets/liabilities management process. The Management Board of the Bank sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Bank believes that the Group's liquidity is sufficient to meet each of its present requirements. For information on the Group's liquid assets, liabilities and maturity profile of the Group's financial liabilities as well as further information on the liquidity risk of the Group see Note 26 to the Interim Financial Statements, Note 27 to the 2023 Financial Statements and Note 26 to the 2022 Financial Statements.

Operational risk

Operational risks management is based on identification of all operational risks, their assessment, risks mitigation actions, establishment risk limits and subsequent monitoring.

Risk identification is carried out through the evaluation of business processes, risk self-assessment by the respective Bank's departments, analysis of the historical data and triggering of signal indicators of operational risks. The classification of operational risks is carried out by business segments by reference to business processes. The Bank assesses the operational risks by scenario and expert methods. The assessment of operational risks is performed on a regular basis. The Bank pays particular attention to the following risks: technological risks, personnel risks, process risks and IT security risks. Based on the assessment of operational risks, the Bank prepares a risk matrix, which helps identifying critical and significant risks that are subject to mitigation and control as a matter of priority. The Bank establishes limits for operational risks based on the overall risk limits and monitors the risks level for each business process. The Bank also carries out subsequent monitoring on the residual and inherent operational risks in order to control and minimise respective risks. The

Group also monitors any systemic failures that are communicated to the Group's management if they exceed certain limits. The Group also runs a regular assessment of control procedures employed in its IT systems. To ensure efficiency of identification and elimination of transactions entailing AML risks, compliance with applicable AML regulations and to minimise human errors, the Group is currently implementing automated system that will identify suspicious transactions.

The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

ESG risk

The Bank faces various ESG risks that could significantly affect its operations and reputation. If not managed, the Bank's financing of agricultural projects could contribute to deforestation, water scarcity and soil degradation. Social risks include potential harm to local communities, such as displacement or the perpetuation of unfair labour practices in the projects the Bank finances. Maintaining transparency and accountability in ESG reporting is essential for preserving stakeholder trust. Failure to address these risks could result in financial losses, legal repercussions for the Bank as well as a decline in stakeholder confidence.

Climate-related risk

Climate-related 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. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally.

The Group and its customers may face climate-related risks in the future. Management believes that it is currently not possible to explicitly incorporate climate risk factors in the 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 had developed a questionnaire to collect climate-related information from its borrowers. The Group is collecting information to perform a robust assessment of physical and transition 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 starting from 2025.

MANAGEMENT

The governance of the Bank consists of various levels and sub-levels, each responsible for different aspects of the Bank's overall activities. The following section sets out the management structure of the Bank and its corporate governance reporting lines.

The supreme governing body is the General Shareholders' Meeting. At the General Shareholders' Meeting, the shareholders elect the Supervisory Council, which is responsible for the general governance of the Bank, including the determination of strategy, coordination and general supervision thereof. The Supervisory Council elects the Management Board, which is the collegiate executive body of the Bank, and appoints the Chairman of the Management Board. The Chairman of the Management Board and the Management Board as a whole are responsible for the day-to-day operations of the Bank.

General Shareholders' Meeting

The General Shareholders' Meeting is held in the form of an annual General Shareholders' Meeting and extraordinary General Shareholders' Meeting. The annual General Shareholders' Meeting is convened no later than six months after the end of the Bank's reporting year.

The powers of the General Shareholders' Meeting are set forth in the Bank's Regulations on Shareholders' Meetings and the Bank's Charter. The procedure for convening, preparing for and conducting the General Shareholders' Meeting is stipulated in the Bank's Regulation on the General Shareholders' Meeting.

Shareholders have the power to decide on the following matters, among others:

- amendment of the Bank's charter or the approval of the restated charter (with exceptions regarding the amendments connected with the increase of the charter capital);
- reorganisation of the Bank;
- liquidation of the Bank, appointment of a liquidator (liquidation committee) and approval of interim and final liquidation balance sheets;
- determination of the composition of the Supervisory Council, election of its members and early termination of their powers, payment of remuneration and compensations to the Supervisory Council's members;
- determination of the maximum number of the authorised shares;
- decrease of the Bank's charter capital;
- decision on the purchase by the Bank of its own shares;
- determination of the Bank's organisational structure;
- election of the Revision Commission's members and an early termination of their powers, as well as adoption of the Regulation on the Revision Commission;
- approval of the Bank's medium and long-term strategy;
- distribution of the Bank's profit and losses;
- considering the report of the Supervisory Council and opinion of the Revision Commission on matters falling within their responsibilities, including the Bank's compliance with the corporate governance requirements;
- decision on the non-application of pre-emptive rights;
- adoption of Regulation on the General Shareholders' Meeting;
- decision on consolidation or split of the shares;

- approval of major transactions and transactions with the Bank's affiliated persons (with related persons);
- decision on the payment of dividends, determination of the amount, procedure and form of payment in accordance with the recommendation of the Supervisory Council;
- election of the Bank's external auditor for conducting the mandatory audit of the Bank, determination of the amount payable for its services, and decision on entering into (or terminating) an agreement with such external auditor; and
- decision on such other matters provided for by the law, Bank's charter and Bank's other internal documents.

Decisions of the General Shareholders' Meeting are generally adopted by a simple majority of voting shareholders who are present at the meeting, unless the Regulations on the General Shareholders' Meeting of the Bank and Bank's Charter require a qualified majority or set additional rules. Pursuant to the Regulations on the General Shareholders' Meeting of the Bank and the Bank's Charter, motions such as amendment of the Charter (approval of the restated charter), determination of the maximum number of the announced shares, reorganisation, liquidation, approval of major transactions or transactions with related parties must be approved by a three quarters majority vote of the voting shares participating in the General Shareholders' Meeting of the Bank. All decisions of the General Shareholders' Meeting are adopted subject to satisfaction of a quorum of at least 50.0 per cent. plus one share of voting shareholders.

Supervisory Council

The Supervisory Council is responsible for general governance matters, with the exception of those matters that are designated by law and by the Bank's Charter as belonging to the exclusive competence of the General Shareholders' Meeting. The Supervisory Council makes its decisions by clear majority, so long as a quorum of at least 75.0 per cent. of the elected members of the Supervisory Council is present, unless otherwise required by law or the Bank's Charter. The Supervisory Council meets on a regular basis – in-person meetings are typically held quarterly, whereas meetings in absentia are held at least once a month. The Bank's shareholders elect members of the Supervisory Council until the next annual shareholders' meeting, and such members may be re-elected an unlimited number of times. There is no fixed term of office for Supervisory Council members. The Supervisory Council currently has eight members.

Name	Year of Appointment to the Supervisory Council	Position
Ahadbek Yakhyobekovich Khaydarov.....	2018	Chairman of the Supervisory Council
Muzaffarjon Khabibullaevich Khakimov	2024	Member of the Supervisory Council
Djamol Kamilovich Ibragimov.....	2024	Member of the Supervisory Council
Tulkin Eshkobilovich Mirzaev	2020	Member of the Supervisory Council
Shakhobiddin Khamroevich Ortikov.....	2022	Member of the Supervisory Council
Nematkhon Yakhyohonovich Khamrakhujayev.....	2019	Non-executive Director
Sardor Kholmakhmadov.....	2024	Non-executive Director
Husamettin Gulhan.....	2024	Non-executive Director

Ahadbek Yakhyobekovich Khaydarov (born 1971), Deputy Minister of Economy and Finance of the Republic of Uzbekistan. Mr. Khaydarov graduated from the Tashkent State University in 1994, Tashkent State University of Economy in 1998, National Graduate Institute for Policy Studies (Japan) in 2001 and Williams College (USA) in 2006. Mr. Khaydarov began his career in 1988 as an employee of "Agrokommunistroyremont" Construction Enterprise. From 1994 to 1996, he was a research intern at the Academy of Sciences of the Republic of Uzbekistan. From 1996 to 1999, Mr. Khaydarov worked as the Chief Economist and the Head of a division within the Monetary Policy Department of CBU. From 1999 to 2000, he acted as the Head of the Monetary Policy of the Ministry of Economy and Finance of the Republic of Uzbekistan. From 2001 to 2007, Mr. Khaydarov headed the Main Department of the State Budget of the Ministry of Economy and Finance of the Republic of Uzbekistan. From 2007 to 2013, Mr. Khaydarov moved to the CBU where he became the Deputy Director of the Head of Operations in the Money and Financial Market at the Monetary Policy Department of

CBU. In 2012, Mr. Khaydarov was promoted to the position of the Deputy Chairman of CBU. From 2016 to 2017, he acted as the First Deputy Chairman of the Board of Uzmilliybank and as the Chairman of the Board of Directors of Mikrocreditbank joint-stock commercial bank. In 2017, Mr. Khaydarov was appointed the Deputy Minister of Economy and Finance of the Republic of Uzbekistan and was later promoted to the position of the First Deputy Minister of Economy and Finance of the Republic of Uzbekistan. From 2019 to 2023, he worked as the Deputy Minister of Economy and Finance of the Republic of Uzbekistan and the Deputy Minister of Agriculture of the Republic of Uzbekistan. In 2023, he was appointed the Deputy Minister of Economy and Finance of the Republic of Uzbekistan.

Muzaffarjon Khabibullaevich Khakimov (born 1973). Mr. Khakimov is the Chief Specialist at the UFRD. He graduated from Tashkent State Technical University in 1996. Mr. Khakimov began his career in 1989-1990 as a carpenter in the construction brigade of the "Jannat" company. From 1996 to 1997, he served as a researcher-trainee at the Tashkent State Technical University. Between 1997 and 2001, Mr. Khakimov worked as an energy inspector at "Uzenergonazorat" and later as a Category 2 and then Category 1 engineer in the energy marketing service. In 2001, he was appointed Deputy Head of the Department for Forecasting and Analysis of Electricity Sales at "Uzenergosotish," a subsidiary of "Uzbekenergo" State Joint-Stock Company. From 2002 to 2004, he served as Head of the Department for Accounting and Analysis of Technological Losses in Electricity Transmission at the "Energosotish" branch of "Uzbekenergo." Between 2004 and 2008, he was Head of the Department for Energy Regime and Consumption Analysis and Deputy Director of the "Energosotish" branch. From 2008 to 2013, Mr. Khakimov was promoted to Director of the "Energosotish" branch. He then served as Deputy Chairman of the Board and Deputy Head of the Department of Economics and Forecasting of "Uzbekenergo" from 2013 to 2018. In 2018-2019, he acted as Coordinator of the World Bank's "Improving Energy Efficiency in Industrial Enterprises" project under the Ministry of Economy and Industry of Uzbekistan. From 2019 to 2022, he served as Director of the Department of Energy Efficiency and Energy Saving in the Social Sector of the Ministry of Energy of Uzbekistan. Between 2022 and 2023, he coordinated the World Bank's project "Improving Energy Efficiency in Industrial Enterprises" under the Ministry of Economy and Finance. In 2023, he became the Chief Consultant at the Strategic Reforms Agency under the President of Uzbekistan. Since 2023, Mr. Khakimov has been the Chief Specialist at the UFRD. In 2024, he was appointed to the Supervisory Council of the Bank.

Djamol Kamilovich Ibragimov (born 1974). Mr. Ibragimov is the Deputy Head of the Department for Examination of Investment Projects and Head of the Department for Examination of Infrastructure Projects at the UFRD. He graduated from Tashkent State University of Economics in 1997 and obtained his master's degree in finance from the Banking and Finance Academy of Uzbekistan in 2002. Mr. Ibragimov began his career in 1997 as Head of the workshop at "Print-X" LLC in Tashkent. From 1998 to 2004, he served in various roles at the Khorezm Regional Finance Department, including Category 1 Specialist, Leading Specialist, Chief Specialist, Deputy Head of the Department for Financing Social Networks and the Management Apparatus, and Head of the Department. Between 2004 and 2005, he served as Deputy Head of the Budget Department of the Khorezm Regional Finance Department. In 2005, Mr. Ibragimov was appointed Head of the Finance Department of Urgench City. From 2007 to 2008, he served as First Deputy Head of the Khorezm Regional Finance Department. In 2010-2011, he acted as Chief Expert on Financial and Economic Issues at the Bureau of Electrical Engineering of the "Uzogirneftgazkimyoloyiha" Institute. Between 2011 and 2013, he served as Chief Specialist and Head of the Financial and Economic Department at "Issiqlikloyiha" JSC. Since 2013, Mr. Ibragimov has held various roles at the UFRD, including Chief Specialist, Head of the Department, and Deputy Head of the Department for Examination of Investment Projects. In 2024, he was appointed to the Supervisory Council of the Bank.

Tulkin Eshkobilovich Mirzaev (born 1967), Director of the Department of Finance of the Agroindustrial Complex and Environmental Protection of the Ministry of Economy and Finance of the Republic of Uzbekistan. Mr. Mirzaev graduated from the Tashkent Agricultural Institute in 1986 and Tashkent State Agrarian University in 1992. Mr. Mirzaev began his career in 1984 as a veterinarian of the veterinary laboratory of Kamyshinsky district of the Ministry of Agriculture of the Uzbek Soviet Socialist Republic. From 2002 to 2008, he worked as the Chief Economist of Analysis and Financial Regulation Division of the Ministry of Economy and Finance of the Republic of Uzbekistan. From 2008 to 2015, he was Deputy Head of Department of Finance of the Agro-Industrial Complex of the Ministry of Economy and Finance of the Republic of Uzbekistan. Between 2015 and 2017, he worked as the Head of the Financial and Economic Department of the holding company

"Uzpakhtasanoatexport". In 2017, he was the Deputy Head of the Finance Department of the Agro-Industrial Complex of the Ministry of Economy and Finance of the Republic of Uzbekistan and the Head of Finance and Price Department of Industries and Other Enterprises of the Agro-Industrial Complex. From 2017 to 2019, he was appointed the Head of the Finance Department of the Agro-Industrial Complex of the Ministry of Economy and Finance of the Republic of Uzbekistan. From 2019 to 2023, he held various positions at the Ministry of Economy and Finance of the Republic of Uzbekistan and has been serving as the Director of the Department of Environmental Protection. In 2023, he held various positions at the Ministry of Economy and Finance of the Republic of Uzbekistan. He is currently acting as the Deputy Director of the Reform Support Department in the Ministry of Economy and Finance of the Republic of Uzbekistan. In 2022, Mr. Mirzaev was appointed to the Supervisory Council of the Bank.

Shakhobiddin Khamroevich Ortikov (born 1976), Head of the Department of Monitoring the Balance of Consumer Markets, Development of Food Production of the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan. Mr. Ortikov graduated from the Tashkent State University in 1997. From 1997 to 2002, Mr. Ortikov worked as the Engineer-Economist of "Sharq" printing concern. From 2002 to 2004, he acted as the Chief Specialist of the Department of Science, Technology and Economic Reforms and Chief Specialist of the Privatization, Securities and Computerization Department in "Uzmevasabzavotuzumsanoatholding". From 2004 to 2012, he acted as the Chief Specialist and Deputy Head of the Department of Processing and Food Industry of the Ministry of Economy of the Republic of Uzbekistan. From 2012 to 2014, he worked as the Head of the Department of Development and Modernization of the Production of Canned and Fruit and Vegetable Products of the Association of Food Industry Enterprises of the Republic of Uzbekistan. From 2014 to 2018, he served as the Head of the Processing Industry and Food Department of the Ministry of Economy of the Republic of Uzbekistan. In 2018, he became the Chief Specialist of the Food Industry Development Branch of the Apparatus of the Cabinet of Ministers of the Republic of Uzbekistan. From 2018 to 2019, he worked as the Head of the Department of Organization and Monitoring of the Implementation of Investment Projects in Agriculture and Water Management of the State Committee on Investments of the Republic of Uzbekistan, the Head of the Department of Project Portfolio Formation and Monitoring. From 2019 to 2020, he acted as the Acting Head of the Department of Development of Food Industry and Processing Sectors of the Ministry of Economy and Industry of the Republic of Uzbekistan, the Acting Head of the Department of Strategy for Development and Balancing of Industrial Products. In 2020, he was appointed the Acting Director of the Department of Agricultural Reforms, Coordination of Internal Food Market Stability of the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan. From 2021 to 2022, he was appointed to the position of the Advisor to the Minister of Economic Development and Poverty Reduction of the Republic of Uzbekistan on matters related to the acceleration of social-economic reforms and regional development. From 2022 to 2023, he was the Director of the Department of Agricultural Reforms, Coordination of Domestic Food Market Stability, Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan. Since 2023 Mr. Ortikov has been acting as the Head of the Department of Monitoring the Balance of Consumer Markets, Development of Food Production of the Ministry of Economy and Finance of the Republic of Uzbekistan. In 2022, he was appointed to the Supervisory Council of the Bank.

Nematkhon Yakhyokhonovich Khamrakhujayev (born 1972), Dean of the Department of Management Training and Work with Regional Branches of the Academy of Public Administration under the President of the Republic of Uzbekistan, PhD in Economics. Mr. Khamrakhujayev graduated from the Tashkent State Technical University in 1995. He began his career in 1989 as the Second Discharge Locksmith Flying Apparatus at the Tashkent Aviation Production Association named after Chkalov. From 1995 to 1998, he worked as a geography teacher in Namangan region. From 2002 to 2006, he worked as the Senior Research Fellow and Head of the Department at the Research Institute in Market Reforms under the State Property Committee of the Republic of Uzbekistan. Between 2006 and 2010, he acted as the Head of the Department, Deputy Director of the Research Centre in Privatisation under the State Property Committee of the Republic of Uzbekistan. Between 2010 and 2012, he was the Head of the Department of the State Property Committee of the Republic of Uzbekistan. During 2012 to 2017, he acted as the Head of the Department of the Academy of Public Administration under the President of the Republic of Uzbekistan. Between 2017 and 2018, he was the Head of Methodical Department of Training Academy of Public Administration under the President of the Republic of Uzbekistan. Between 2018 and 2019, he was the Chief Specialist of the Cabinet of Ministers of the Republic of Uzbekistan. Since 2019, he has served as the Head of the Department of Management Skills and the Dean of the Faculty of Training of Management

Personnel and Working with Regional Branches at the Academy of Public Administration under the President of the Republic of Uzbekistan. In 2022, he was appointed to the Supervisory Council of the Bank.

Sardor Kholmakhmadov (born 1981) Mr. Kholmakhmadov is the Managing Director of Structured Trade and Export Finance at Helaba (Landesbank Hessen-Thüringen) in Frankfurt, Germany. He obtained his bachelor's degree from the University of World Economy and Diplomacy in Tashkent in 2003 and an MBA in Financial Management from Hochschule Coburg, Germany. From 2004 to 2005, he worked as a Trainee in Trade Finance in the Export Credit Agency (ECA) Department at LBBW (Landesbank Baden-Württemberg) in Stuttgart, Germany. From 2005 to 2014, he held various roles at LBBW, including Senior Manager for Relations with Financial Institutions and Corporations, and Regional Manager for Eastern Europe and the CIS. In 2014, Mr. Kholmakhmadov was appointed Director of Trade Finance and Senior Founder at Société Générale S.A., Frankfurt Branch. Since 2020, he has served as Executive Director in Structured Trade and Export Finance at Helaba. In 2024, he was appointed to the Supervisory Council of the Bank.

Husamettin Gulhan (born 1961) Mr. Gulhan is an Advisor to the Grand National Assembly of Turkey (Parliament). He graduated from Çukurova University in Turkey with a degree in Economics in 1983. Mr. Gulhan began his career in 1981 as an accountant at White Goods Burdur (Halil Alpaslan) Private Company. Between 1981 and 1983, he worked as a salesperson and secretary at Yenikonak Store in Ankara. In 1983, he became an accountant at Paksu Industry Inc. in Ankara, which manufactures water purification equipment. From 1984 to 2011, Mr. Gulhan held various positions at Ziraat Bank, including auditor, chief auditor, assistant representative, assistant manager at the Germany Branch, branch manager, regional manager, board member at Ziraat Bank ATB (Moscow), deputy chairman of the board at the head office, and board member at Ziraat Leasing Inc. Between 2011 and 2016, he was Deputy Chairman of the Board of Agricultural Credit Cooperatives of Turkey. From 2016 to 2017, he served as Head Office Manager at Ziraat Bank, and from 2017 to 2018, he was Deputy Advisor to the Prime Minister of Turkey. In 2018, Mr. Gulhan was appointed Chairman of the Liquidity Council of the Prime Ministry of Turkey. Since 2018, he has served as an Advisor to the Chairman of the Grand National Assembly of Turkey and, since 2022, as an independent board member at Ziraat Bank Montenegro. In 2024, he was appointed to the Supervisory Council of the Bank.

The business address of each member of the Supervisory Council is the Bank's registered office. No actual or potential conflicts of interest exist between the duties that any member of the Supervisory Council owes to the Bank and such member's private interests or other duties.

Management Board

The Management Board is the Bank's collegial executive body, which is elected by the Supervisory Council. The Management Board meets as often as is considered necessary, typically twice a week, and makes its decisions by simple majority, provided that a quorum of at least two third of the members of the Management Board is present. The Chairman of the Management Board has a casting vote if the number of votes are equal. The Management Board is responsible for the Bank's day-to-day management and administration. The Chairman of the Management Board represents the Bank and acts as its Chief Executive Officer. The Management Board has several committees that help it to carry out its management functions.

The Management Board of the Bank consists of eight members. The name, position and certain other information for each member of the Management Board are set out below. Unless otherwise indicated, members of the Management Board do not perform any external functions. There are no fixed terms of office for Management Board members.

Name	Year of Appointment to the Management Board	Position
Rustam Mamatkulov Uktamovich.....	2019	Chairman
Erkin Azizzhonovich Kakhorov.....	2021	First Deputy Chairman
Ilyos Sidikovich Amanov.....	2019	Deputy Chairman
Jamshid Zaynidinovich Turdiev.....	2022	Deputy Chairman
Vahid Abdumalikovich Ochilov.....	2022	Deputy Chairman
Farkhod Badriddinovich Nasriev.....	2024	Deputy Chairman
Akrom Oblakulovich Yuldoshov.....	2022	Financial Director

Rustam Ukatamovich Mamatkulov (born 1979). Mr. Mamatkulov graduated from the Tashkent Institute of Irrigation and Agricultural Mechanisation Engineers in 2000 and from Tashkent State University of Economics in 2003. Mr. Mamatkulov has over 20 years of experience in banking and finance. Mr. Mamatkulov began his career in 2000 as the Chief Specialist of the Retail Operations Department of the Jizzakh regional branch of the National Bank of Foreign Economic Activity of the Republic of Uzbekistan. In 2004, he was appointed the Deputy Manager of the Jizzakh region Zomin branch of Pakhta Bank and was later promoted to the position of the Head of the branch. Between 2006 and 2009, he acted as the Manager of the Jizzakh regional branch of the National Bank of Foreign Economic Activity of the Republic of Uzbekistan. Between 2009 and 2012, Mr. Mamatkulov worked as the Head of Jizzakh Region of the CBU. In 2012, he was appointed the Deputy Chairman of the Management Board of the Bank. Between 2014 to 2017, he served as the Deputy Chairman of the Management Board of the Bank. Between 2017 and 2018, he was appointed the First Deputy Chairman of the Management Board of the Bank. During 2018 to 2019, he acted as the Acting Chairman of the Management Board of the Bank. In July 2019, he was appointed the Chairman of the Management Board of the Bank.

Erkin Azizhonovich Kakhorov (born 1988). Mr. Kakhorov graduated from the Namangan Institute of Engineering and Economics in 2009 and Academy of Banking and Finance of the Republic of Uzbekistan in 2017. Mr. Kakhorov began his career in 2008 as the Specialist of the Economic Department of the Bank Operations Department of the Namangan regional office of Pakhta Bank. From 2020 to 2021, he worked as the Head of the Tashkent regional office of the Bank. In 2021, he was appointed as the Managing Director - Deputy Chairman of the Bank and after a few months later promoted to the position of the Deputy Chairman of the Management Board of the Bank. From December 2022, Mr. Kakhorov acted as the First Deputy Chairman of the Management Board of the Bank.

Ilyos Sidikovich Amanov (born 1965). Mr. Amanov graduated from the Margilan Accounting and Credit Technical School in 1986 and Tashkent Financial Institute in 1995. Mr. Amanov began his career in 1986 as an Inspector, Senior Inspector, Senior inspector, Chief inspector of the Jizzakh regional office of the State Labour Fund Cash Registers. Between 1988 and 1989, he served as the Chief Inspector of the Syrdarya Regional Office of Jamg'armabank and between 1989 to 1991, he held various positions at this bank. During 1991 to 1992, he served as the Credit Inspector, Senior Credit Inspector, Deputy Head of the Credit Department, and the Head of Credit Department of Jamg'armabank. From 1992 to 1993, he was appointed the Senior Economist, Acting Head of the Department of Planning and Finance of the Syrdarya regional administration of Jamg'armabank. In 1993, Mr. Amanov was appointed the Deputy Head of the Planning and Economic Department and the Head of the Lending Department of the Syrdarya Regional Office of Uztadbirkorbank. In 1994, he was appointed the Acting Deputy Manager of Syrdarya regional branch of Uzsavdogarbank and in 1995, he was promoted to the role of the Deputy Head of Syrdarya regional branch of Uzsavdogarbank. From February to September 1997, he worked as the Deputy Head of Syrdarya Region of the CBU. From September to December 1997, he was appointed the Deputy Head of the Syrdarya regional branch of Gallabank. In 1997, he was promoted to the position of the Head of the Syrdarya regional branch of Gallabank. Between 2009 and 2011, he served as a Manager of the Syrdarya regional branch of Qishloq Qurilish Bank. In 2011, he was appointed the Deputy Chairman of the Management Board of the Bank. Between 2015 to 2017, Mr. Amanov acted as the Deputy Director of "LEADER FINANCE" LLC. In 2019, he was reappointed as the Deputy Chairman of the Management Board of the Bank.

Vahid Abdumalikovich Ochilov (born 1989). Mr. Ochilov graduated from the Tashkent State University of Economy in 2012. Mr. Ochilov began his career in 2012 as the First Category Specialist of the Credit Return Monitoring Division of the Economic Analysis Department of the Bank and held various positions at the Bank until 2019. In 2019, he was appointed the Manager of the Yangiyul branch of the Tashkent regional office of the Bank. Between November 2019 and 2021, he served as the Deputy Head of the Department of Strategic Analysis and Development of Banking Activities of the Bank. In 2023, he was appointed the Deputy Chairman of the Management Board of the Bank.

Farkhod Badriddinovich Nasriev (born 1988). Mr. Nasriev graduated from the Tashkent Financial Institute in 2009, the Banking and Finance Academy of the Republic of Uzbekistan in 2018, and the University of Sussex in the United Kingdom in 2023. Mr. Nasriev began his career in 2006 as a Second Category Specialist at the

Interbank Settlements Center of the National Bank for Foreign Economic Activity of the Republic of Uzbekistan. In 2011, he was promoted to Leading Specialist, then Chief Specialist, and later became Head of the Department of Foreign Economic Activity and Currency Operations at the Bank. In 2014, he was appointed Deputy Manager, then Manager of the Tashkent Regional Branch, and subsequently Head of the Regional Management of the Bank. In 2020, he served as Head of the Risk Management Department, followed by his role as Director of the Risk Management Department. Mr. Nasriev was promoted to Deputy Chairman of the Management Board in 2024.

Jamshid Zaynutdinovich Turdiev (born 1984). Mr. Turdiev graduated from the Tashkent Financial Institute in 2006. Mr. Turdiev began his career in 2006, as the Specialist the Bank Operations Department of the Samarkand Regional Office of Pakhta Bank. Between 2009 and 2018, he held various positions and at the Bank. During 2018 to 2019 he was the Head of Samarkand Regional branch of the Bank. Between 2019 and 2022 he acted as the Head of Family Business Lending Department of the Bank. In 2022, he was appointed as the Acting Deputy Chairman of the Management Board of the Bank and in 2023, Mr. Turdiev was promoted to the position of the Deputy Chairman of the Management Board of the Bank.

Akrom Oblakulovich Yuldoshov (born 1984). Mr. Yuldoshov graduated from the Tashkent Institute of Architecture and Construction in 2004 and Tashkent Financial Institute in 2009. Mr. Yuldoshov began his career in 2005, as the Leading Specialist of the Department of Economic Analysis and Monitoring of Agricultural Production of the Department of Agriculture and Water Management of the Tashkent Region and held various positions until 2008. Between 2008 and 2009, he was the Leading Specialist of the HR Department of Mikrokreditbank. In 2009, Mr. Yuldoshov was appointed the Chief Specialist of the HR Department of the Bank. During 2010 to 2016, he served as the Division Head in the Treasury Department of the Bank. Between 2016 and 2018 he was appointed the Head of Central Operation Department of the Bank. In 2018, he was promoted to the position of the Head of Tashkent regional branch of the Bank. In 2019, he was appointed the Director of the Retail Services Development Department of the Bank. Since 2023, he has held the position of the Financial Director of the Bank.

Mukhiddin Temurovich Kiyamov (born 1967). Mr. Kiyamov graduated from Tashkent State University in 1993 with a legal degree. Mr Kiyamov began his career in 1988 as a worker at "Oil- cheese factory" in Kashkadarya region. From 1993 to 1994, he worked as the Lawyer of "Kyzil Yulduz" collective farm. During 1994 to 1996, he worked as the Assistant Prosecutor in Kitab district. From 1997 to 1998, Mr. Kiyamov worked in the General Prosecutor's Office of the Republic of Uzbekistan as the Head of the Department for Ensuring Prosecutor's Authority in the Construction of Economic Cases in Courts. Until 2002, Mr. Kiyamov various leading positions in the General Prosecutor's Office of the Republic of Uzbekistan. In 2002, he was appointed the Prosecutor of Pskent district of the Tashkent region. Between 2004 and 2008, he worked as the Head of the Department for Ensuring Legitimacy and Protection of the Rights of Business Entities of the Tashkent Regional Prosecutor's Office. In 2009, he was appointed the First Deputy Prosecutor of Surkhandarya Region. From 2009 to 2011, he was the Regional Prosecutor in Tashkent. In July 2011, he was appointed the Deputy Prosecutor in General Prosecutor's Office of the Republic of Uzbekistan. During 2012 to 2013, he worked as the Attorney-Trainee of "SHAMS TASHKENT ADVOCATES" Lawyers Association. From 2014 to 2015, he held the position of the Lawyer of Uzbekistan Cotton Refinery. Between 2015 and 2021, he served as the Lawyer in Yukorichirchik district administration, Tashkent region. From 2021 Mr. Kiyamov worked as the Head of the Department of Dealing with Troubled Loans of the Bank. In 2023, he was appointed the Director of the Legal Department of the Bank.

The business address of each member of the Management Board is the Bank's registered office. No actual or potential conflicts of interest exist between the duties that any member of the Management Board owes to the Bank and such member's private interests or other duties.

Corporate Governance

The Bank complies with the Uzbekistan corporate governance regime. Corporate governance at the Bank has been carried out in accordance with the requirements of the Corporate Governance Code of the Bank, rules governing the operation of joint-stock companies and credit organisations in Uzbekistan, the Bank's Charter and other internal documents of the Bank.

As part of its corporate governance regime, the Bank follows its own Corporate Governance Code. The current version of the Corporate Governance Code was approved by the Bank's Supervisory Council on 24 June 2016.

The Bank's Corporate Governance Code sets out the Bank's main corporate conduct principles, promoting better performance of the management bodies of the Bank. It was based on a balanced approach to the interests of the Bank's shareholders, management bodies and other interested parties, with a view to enhance reliability and client satisfaction, promote business culture, improve control over the Bank's performance and to ensure compliance with highest ethical standards. The Corporate Governance Code seeks to improve and systemise approaches to client satisfaction by providing high quality banking services and reliability in accordance with the Bank's plan to evolve as a modern financial institution. To keep client service in line with high financial, business and technological standards, the Bank voluntarily undertakes to follow the principles and rules of corporate governance set out in the Corporate Governance Code. As corporate governance practice evolves in Uzbekistan and abroad, the Bank will seek to further improve its corporate governance rules and principles and achieve a higher level of compliance with the principles set out in the Corporate Governance Code.

Among other things, the Bank has implemented the following corporate governance features:

Non-executive Directors

According to the Regulation on the Supervisory Council of the Bank and the Corporate Governance Code, non-executive directors of the Bank are those Supervisory Council members who have no direct or indirect relationship with the Bank other than membership on the Supervisory Council, and who, among others:

- are not, and have not been in the past five years, employed by the Bank or its affiliates, where "affiliates" means, with respect to any person, any individuals or entities directly or indirectly controlling, controlled by or under common control with, that person and "control" means the power of an individual or entity, whether independently or jointly with other individuals or entities, directly or indirectly (through third parties), to influence activities of entities and/or individuals (including to determine the decision of the management or business policies of an entity through the direct or indirect (i.e. through third parties) ownership of more than 20.0 per cent. of its capital and/or by contract made between that individual or entity and the other individual(s) and/or entity(ies);
- are not holding a share or a participatory interest in the Bank's subsidiaries or affiliates;
- are not affiliated with the Bank's, its subsidiaries' or affiliates' significant clients, which have an agreement with such persons with the value exceeding the amount of the minimum wage set by the legislation;
- do not have an agreement with the Bank, its subsidiaries and affiliates for provision of services;
- are not employed as the executive body of the Bank, its subsidiaries and affiliates, or are not a family member of the person who held such position in the last five years;
- are not a Bank's controlling person (or not a part of the group and/or organisation which collectively controls the Bank); and
- have not entered into a commercial contract with the Bank and are not an employee of a majority shareholder or a company, which holds higher position in banking sector.

The Bank's Supervisory Council currently has three non-executive directors, with the office of the fourth non-executive director being vacant. The Bank is currently in the process of selecting a candidate to fill this vacancy.

Internal Audit Committee

According to the charter and other internal regulations of the Bank, the Supervisory Council is responsible for creating the Audit Committee. Such committee is formed for pre-examination of the most important matters pertaining to the activities of the Bank.

The Audit Committee's functions also include maintaining the Supervisory Council's control over activities of the Bank's executive bodies and ensuring co-operation with the Bank's executive bodies on matters within the committee's competence, supervision over the reliability and efficiency of the Bank's financial activity and internal control system, control over measures taken to ensure the Bank's financial statements are complete, accurate and true, implementing and promoting a culture of risk management within the Bank, ensuring independence and fairness of internal and external audit functions, controlling performance of, and measures taken by the Bank's executive management under, the system alerting of potential malfeasance by the Bank's staff (including abuse of insider or confidential information) or by third parties, and of other irregularities in its operations.

Remuneration

In the year ended 31 December 2023, the aggregate remuneration paid by the Bank to the members of its Supervisory Council and Management Board was UZS7,914 million. In turn, in the years ended 31 December 2022 and 2021, aggregate remuneration paid by the Bank to the members of its Supervisory Council and Management Board was UZS7,040 million and UZS6,964 million, respectively.

Members of the Supervisory Council are remunerated according to the Regulation on Remunerations and Compensations Payable to Members of the Supervisory Council (approved by the annual General Shareholders' Meeting on 11 May 2022). The members of the Bank's Management Board enter into employment contracts with the Bank, which set forth their remuneration divided into non-performance related and performance-related components.

Litigation Statement Concerning Management

For the previous five years, none of the members of the Supervisory Council or the Management Board:

- has had any convictions in relation to fraudulent offences;
- has held an executive function in the form of a senior executive officer or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation; or
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Other Interests

No actual or potential conflicts of interest exist between the duties that any member of the Supervisory Council or the Management Board owes to the Bank and such member's private interests or other duties.

PRINCIPAL SHAREHOLDERS

As at the date of this Prospectus, the Bank's charter capital consists of 9,858,896,459 shares, all of which are fully paid and have a nominal value of UZS1,168 each.

The following table sets forth the shareholders of record of the Bank as at the date of this Prospectus.

Shareholder	Number of shares	Percentage of the share capital
UFRD	4,990,204,587	54.1%
Ministry of Economy and Finance	4,762,089,457	44.7%
Other legal entities	100,189,747	1.1%
Individuals.....	6,412,668	0.1%
Total	9,858,896,459	100.00%

The Group is not aware of any arrangements in existence as at the date of this Prospectus that could reasonably be expected to result in a change of control over the Bank.

CERTAIN TRANSACTIONS WITH RELATED PARTIES

The following is an overview of the Group's transactions with related parties as at the dates indicated below. The financial information set forth herein has, unless otherwise indicated, been extracted without material adjustment from the Financial Statements. See also "Capitalisation".

The table below sets out the outstanding balances of other related party transactions as at 30 June 2024 and 31 December 2023, 2022 and 2021.

	As at 30 June 2024 (unaudited)	2023	As at 31 December 2022	2021
<i>Cash and cash equivalents</i>				
Significant shareholders	-	-	-	-
Government related entities.....	2,022,180	1,615,879	1,537,416	2,155,635
Associates.....	-	-	-	-
Key management personnel.....	-	-	-	-
Total category as per financial statement caption	2,022,180	1,615,879	1,537,416	2,155,635
<i>Due from other banks</i>				
Significant shareholders	-	-	-	-
Government related entities.....	91,266	105,198	157,929	190,628
Associates.....	-	-	-	-
Key management personnel.....	-	-	-	-
Total category as per financial statement caption	91,266	105,198	157,929	190,628
<i>Loans and advances to customers</i>				
Significant shareholders	-	-	-	-
Government related entities.....	3,448,696	3,783,122	3,163,682	1,033,231
Associates.....	-	-	31,415	31,477
Key management personnel.....	423	-	29	261
Total category as per financial statement caption	3,449,119	3,783,122	3,195,126	1,064,939
<i>Investment securities</i>				
Significant shareholders	-	-	5,092	131,480
Government related entities.....	298,707	231,888	886,709	1,829,391
Associates.....	-	-	-	-
Key management personnel.....	-	-	-	-
Total category as per financial statement caption	298,707	231,888	891,801	1,960,871
<i>Other assets</i>				
Significant shareholders	-	-	-	-
Government related entities.....	5,405	3,427	5,555	2,674
Associates.....	-	200	200	200
Key management personnel.....	-	-	-	-
Total category as per financial statement caption	5,405	3,627	5,756	2,874
<i>Due to other banks</i>				
Significant shareholders	-	-	-	-
Government related entities.....	3,595,196	2,916,439	2,201,310	759,599
Associates.....	-	-	-	-
Key management personnel.....	-	-	-	-
Total category as per financial statement caption	3,595,196	2,916,439	2,201,310	759,599
<i>Customer accounts</i>				
Significant shareholders	-	-	4,778,427	4,152,640
Government related entities.....	6,770,115	6,389,195	989,940	2,064,087
Associates.....	511	-	8	7
Key management personnel.....	-	530	-	-
Total category as per financial statement caption	6,770,626	6,389,725	5,768,376	6,216,733
<i>Other borrowed funds</i>				
Significant shareholders	-	-	789,863	8,103,613
Government related entities.....	20,992,825	16,498,843	15,176,992	870,137
Associates.....	-	-	-	-
Key management personnel.....	-	-	-	-
Total category as per financial statement caption	20,992,825	16,498,843	15,966,855	8,973,750
<i>Debt securities issued</i>				
Significant shareholders	-	-	-	-
Government related entities.....	165,000	160,000	115,000	487
Associates.....	-	-	-	-
Key management personnel.....	-	-	-	-
Total category as per financial statement caption	165,000	160,000	115,000	487
<i>Subordinated debt</i>				
Significant shareholders	-	-	229,749	221,812
Government related entities.....	251,103	251,705	-	-
Associates.....	-	-	-	-
Key management personnel.....	-	-	-	-
Total category as per financial statement caption	251,103	251,705	229,749	221,812

The table below sets out the amounts included in profit or loss and other comprehensive income for the six months ended 30 June 2024 and the years ended 31 December 2023, 2022 and 2021.

	As at 30 June 2024 (unaudited)	2023	For the year ended 31 December 2022	2021
<i>Interest income</i>				
Significant shareholders	-	-	7,134	58,901
Government related entities.....	254,641	235,989	565,309	191,930
Associates.....	-	-	-	933
Total category as per financial statement caption.....	254,641	235,989	572,444	251,763
<i>Interest expense</i>				
Significant shareholders	-	-	(568,331)	(642,395)
Government related entities.....	(334,338)	(1,191,257)	(1,156,418)	(598,757)
Associates.....	-	-	-	-
Total category as per financial statement caption.....	(334,338)	(1,191,257)	(1,724,749)	(1,241,152)
<i>Fee and commission income</i>				
Significant shareholders	-	-	-	-
Government related entities.....	5,846	9,852	10,802	1,676
Associates.....	-	-	-	-
Total category as per financial statement caption.....	5,846	9,852	10,802	1,676

THE BANKING SECTOR AND BANKING REGULATION IN THE REPUBLIC OF UZBEKISTAN

Introduction

The Uzbekistan financial sector consists mainly of Uzbekistan banks, non-bank depository institutions, microfinance organisations, qualified credit institutions and insurance companies. Non-bank depository institutions and microfinance organisations provide a limited range of banking services, such as accepting deposits from, and issuing loans to, their members only (in the case of non-bank depository institutions), or issuing microloans (in the case of microfinance organisations), while banks provide a wide range of banking services. The CBU acts as the regulator of the financial sector supervising the banking sector. The CBU issues licences, establishes mandatory economic ratios and reserve requirements, regulates accounting and reporting rules and supervises compliance with laws and regulations. The CBU also controls inflation, issues money and ensures the effective functioning of payment systems. The main objective of the CBU is the stability of the national currency.

History of the Uzbekistan Banking Sector

The Uzbekistan banking sector was transformed following Uzbekistan's independence from the Soviet Union on 31 August 1991, as a two-tier banking system was introduced and the CBU was established with the adoption of the law "*On banks and banking activity*". Development of monetary policy and the payment system and formation of the commercial banking industry were among the main objectives of the newly established CBU.

The soum, introduced as the national currency on 1 July 1994, was a landmark in the formation of an independent banking system and the development of the economy of Uzbekistan as a whole. Afterwards, the CBU became an independent body and began to perform its function as a facilitator of the effective formation of the national monetary system. The law "*On the Central Bank of Republic Uzbekistan*", which was adopted in 1995, clearly defined new status, powers, goals and objectives of the CBU.

In 1996, credit and financial institutions serving particular sectors of the economy, such as the automobile industry, aircraft building, agriculture and others, were created to finance these strategic sectors. More specialised banks were established to meet the needs of business environments and economic developments in a wider range of economy sectors.

In 1997, reforms were implemented to stimulate private capital inflows to the banking sector. This process was followed by the decree of the President of the Republic Uzbekistan "*On the arrangements on motivation to form private commercial banks*" in 1997 providing certain benefits to the banks which were 50 per cent. or more privately owned. From March 1997, after the introduction of new software and the conversion of all accounts to an electronic regime, banks were able to process payments within 15 minutes across the whole territory of the Republic and within three minutes across Tashkent.

The statutory acts regulating the activity of commercial banks were established on the basis of Basel recommendations on banking supervision and international practice, as well as by taking into consideration the framework of international standards on financial statements. Furthermore, the principle of prior detection of issues on commercial banks' balance sheets was introduced. In addition, new measures were introduced with the aim of supporting the financial stability of commercial banks, including capital and liquidity control.

From 1999 to 2000, Uzbekistan implemented a mechanism for foreign exchange sales. This mechanism allowed authorised banks to purchase currency from their clients on a contractual basis.

In 2002, the law of the Republic Uzbekistan "*On the guarantee of security of funds of citizens in the banks*" established the Deposit Security Fund, which covered all commercial banks operating on the territory of Uzbekistan.

From 2003 to 2004, the regulation and systematic development of banking activity focused on further liberalisation and intensification of the reforms in Uzbekistan. Its main objective was to strengthen confidence in the banking sector. In October 2003, the Republic of Uzbekistan assumed obligations under Article 8 of the IMF Articles of Association. The policy of the CBU at that time was aimed at setting incentives for export and effective use of currency resources, together with prevention of inflation and sharp fluctuations in currency exchange rates.

Between 2003 and 2005, an emphasis was made on the realisation of management of monetary policies, and improvement of stability of the national currency and its exchange rate.

From 2006 to 2007, the Banks expanded their mortgage loans portfolio. The law "*On mortgage*" and the law "*On consumer loans*" facilitated mortgage loans and consumer loans. As a result, such types of loans became very popular.

In 2006, the UFRD was established to finance and co-finance projects of the state investment program. The UFRD is a financial institution under the authority of the Cabinet of Ministers of the Republic of Uzbekistan, designed to ensure the implementation of projects for the modernisation and technical re-equipment of leading sectors of the economy, dynamic, sustainable and balanced socio-economic development of the country, as well as the implementation of an effective structural and investment policy. The UFRD provides loans for state-owned entities through commercial banks on concessional terms. The UFRD's resources come from surplus tax revenues from the subsoil and export taxes, income from the sale of products under production sharing agreements with foreign partners and other revenue streams.

From 2008 to 2009, the main objective of the CBU was the development of retail banking. As a result, the range of services provided by the commercial banks of Uzbekistan expanded and new banking products were introduced.

In the second half of 2017, the CBU began active reforms in the monetary sector. In order to reduce inflationary pressure, the CBU tightened monetary conditions by raising the refinancing rate from 9 per cent. as at June 2017 to 16 per cent. as at September 2018 subsequently reducing it to 14 per cent. as at 25 April 2024. As at 26 July 2024, the CBU rate is 13.5 per cent.

The CBU also created a platform for interbank monetary operations that connects all commercial banks into a single trading system and ensures transactional transparency. It also established a system of inflation forecasting using econometric models. The CBU has prioritised raising the efficiency of monetary policy in 2018 by minimising the impact of monetary factors on inflation, ensuring price stability and reducing inflationary pressure.

For information on recent reforms and developments in the Uzbekistan banking sector, see "*Recent and Expected Banking Reforms*" below.

In recent years, the CBU has taken measures to improve the financial stability of banks, one of which was an increase in the minimum charter capital requirement. Commencing from 1 April 2024, the minimum charter capital requirement has been raised from 200 billion soums to 350 billion soums. Starting from 1 January 2025, the minimum charter capital requirement will increase to 500 billion soums. The CBU has also taken action against the banks that did not comply with the mandatory ratios and requirements, and in certain cases revoked banking licenses.

At the same time, the banking industry has been growing, and a several new banks have started operating in the market. There is a growing trend among banks to establish themselves as digital institutions and offer services remotely. Additionally, the Government is also focused on divesting its ownership stake in the banking sector. In 2023 one of the largest state-owned banks, Ipoteka Bank, was sold to Hungarian OTP Bank.

Overview of the Banking Sector

As at 1 August 2024, there were 36 commercial banks in Uzbekistan. The total number of credit institutions throughout the country, including microfinance organisations and branches of commercial banks, was 6,622 as at 1 July 2024. The aggregate assets of all banks in Uzbekistan amounted to approximately 690.4 trillion soums as at 1 July 2024. The banking system of Uzbekistan remains closely controlled by the state through a complex set of regulatory actions, decrees, proclamations, and practices. Most banking assets remain in state-owned or controlled banks, and the majority of loans are directed or channelled by the Government to develop certain pre-selected industry sectors. The slow pace of reforms in the banking system limits the role that banks can play as financial intermediaries, thus inhibiting the ability of individuals or private companies to obtain loans and other banking services.

As at 1 August 2024 there was a high level of concentration in the banking sector, with the wholly and partly state-owned banks holding 67 per cent. of all of the banking sector's total assets, 70 per cent. of the banking sector's total loans, 62 per cent. of the banking sector's total share capital and 50 per cent. of the banking sector's total deposits, whereas the banks without state ownership held 33 per cent. of all of the banking sector's total assets, 30 per cent. of the banking sector's total loans, 38 per cent. of the banking sector's total share capital and 50 per cent. of the banking sector's total deposits.

Assets and Liabilities, Credit Quality and Interest Rates

The following table sets out certain data relating to the banking sector in Uzbekistan as at the dates indicated:

	As at 1 August 2024	2023	As at 31 December		2020	2019
			2022	2021		
			<i>(soums billion)</i>			
Total number of banks.....	36	35	31	33	32	30
Total equity of banks.....	105,162	97,079	79,565	70,918	58,351	51,031
<i>of which:</i>						
in national currency.....	104,761	96,684	79,206	70,571	58,016	50,726
in foreign currency	401	395	359	347	335	305
Total assets of banks.....	711,111	652,157	556,746	444,922	366,121	272,727
<i>of which:</i>						
in national currency.....	401,367	360,366	292,195	229,507	182,194	143,650
in foreign currency	309,744	291,791	264,551	215,415	183,927	129,077
Total loans to customers	500,644	471,406	390,049	326,386	276,975	211,581
<i>of which:</i>						
in national currency.....	280,977	259,370	204,931	163,723	138,869	110,634
in foreign currency	219,666	212,036	185,118	162,663	138,106	100,947
Total deposits.....	275,422	241,687	216,738	156,190	114,747	91,009
<i>of which:</i>						
in national currency.....	198,241	169,516	131,795	95,578	65,318	51,040
in foreign currency	77 181	72,171	84,943	60,612	49,429	39,969
Capital adequacy ratio ⁽¹⁾ , %.....	17.1%	17.5%	17.8%	17.5%	18.4%	23.5%

Historically, the assets of Uzbekistan banks have been weighted in favour of loans to the public sector as compared to loans to the private sector. However, as at 31 December 2023, the distribution of assets was more even.

According to the CBU, loans to individuals as at 1 August 2024 were 163,956 billion soums, compared to 128,712 billion soums in 2023 and 100,949 billion soums in 2022.

Due to increased lending by the banking sector to finance the economy, the loan portfolio growth of the banking sector amounted to 17.8 per cent., 19.5 per cent. and 20.9 per cent. in 2021, 2022, and 2023, respectively. As at 1 August 2024, this indicator amounted to 16 per cent., where the main driver behind this growth was support from the UFRD. The UFRD provides loans for state-owned entities through commercial banks on concessional terms.

Banking system soundness in terms of asset quality is characterised by the weighted average of NPLs. NPLs accounted for 4.2 per cent. (according to the CBU standards) of total loans in the banking sector as at 1 August 2024, compared to 3.5 per cent. as at 31 December 2023. Loan portfolios of banks constituted 500,644 billion soums as at 1 August 2024 and 471,406 billion soums as at 31 December 2023.

As at 1 August 2024, none of the banks were designated as a 'problem bank' and, in general, the assets classified as problem loans (up to 90 days overdue, impaired and restructured loans) accounted for 4.2 per cent. of the total loan portfolio.

As at 1 August 2024, the majority of aggregate liabilities in the banking sector were attributable to loans. 36.9 per cent. of all liabilities were made up of loans and 45.5 per cent. were comprised of deposits, while the remaining 17.6 per cent. was accounted for by other liabilities. A high concentration of loans is more prevalent in state-owned banks due to the fact that the UFRD resources were provided to these banks in order to assist in financing the key strategic sectors of the economy. The total liabilities in the banking system have steadily

increased in recent years, with total liabilities being 477,181 million soums as at 31 December 2022, and 555,078 million soums as at 31 December 2023. As at 1 August 2024, total liabilities in the banking system amounted to 605,948 million soums.

	1 August	2023	Year ended 31 December			2019
	2024		2022	2021	2020	
			<i>(soums billion)</i>			
Interest Income.....	62,188	61,728	47,392	37,067	25,500.2	14,517
Interest Expense	43,330	37,566	30,796	23,019	15,601.8	8,355
Net profit margin.....	18,859	24,162	16,595	14,048	9,898.4	6,162
Fee and commission income ...	29,648	33,182	17,251	11,801	9,619.5	6,564
Fee and commission expense ...	12,031	11,812	4,944	3,516	2,855.8	1,343
Operating expense	12,409	14,877	10,998	8,145	6,814.3	5,583
Non-interest gain (loss)	5,208	6,494	1,309	140	(50,7)	(362)
Provision for impairment of loans and leases to customers	12,236	13,863	12,221	6,354	3,855.7	1,746
Provision for losses other than loans	3,827	4,213	333	873	298.9	196
Profit before tax.....	8,004	12,579	5,351	6,961	5,693.2	3,858
Income tax expense	1,648	2,587	1,465	1,318	1,012.5	659
Return adjustments.....	—	1.2	—	—	—	—
Net profit.....	6,356	9,993	3,885	5,642	4,680.7	3,200

As at 1 August 2024, the refinancing rate - which is the main policy rate - was 13.5 per cent. Since 26 July 2024, as compared to 14.0 per cent in the period from March 2023 to July 2024, 15.0 per cent. in the period from July 2022 to March 2023, 17.0 per cent. in the period from March 2022 to June 2022 and 16.0 per cent. from June 2022 to July 2022. Following the increase in the refinancing rate, the average interest rate on the interbank money market increased from 14.1 per cent. in 2022 to 14.8 per cent. in 2023. The weighted average interest rate on soum-denominated time deposits with a term of up to one year rose to 18.4 per cent. as at 31 December 2023, from 17.6 per cent. as at 31 December 2022 and from 15 per cent. as at 31 December 2021. The weighted average interest rate on soum-denominated time deposits with a term of over one-year increased to 20.5 per cent. as at 31 December 2023 from 19.6 per cent. as at 31 December 2022 and 18.3 per cent. as at 31 December 2021.

The International reserves of Uzbekistan consist of foreign currency reserves and monetary gold. Total net foreign currency reserves and monetary gold reserves as at 1 April 2024 were U.S.\$33,635 million per CBU data (net international reserves do not include the foreign currency of commercial banks and government entities, except the Ministry of Economy and Finance and the UFRD). As at 1 August 2024, Uzbekistan's total official international reserves, including gold and the CBU's foreign currency reserves, amounted to U.S.\$37,402.2 million. Of this, U.S.\$7,688.2 million consisted of foreign currency assets and U.S.\$29,156.7 million was in gold.

Monetary and Exchange Rate Policy

The CBU is responsible for implementing monetary policy. The CBU focuses on ensuring macroeconomic stability and reducing monetary factors influencing inflation. In line with the President's Decree "On Measures to Drastically Improve Activities of the Central Bank of the Republic of Uzbekistan" dated 9 January 2018, the CBU's mandate was expanded to include the medium-term goal of transitioning to inflation targeting, as well as ensuring the stability and development of the banking and payment system.

Starting in 2018, the CBU began focusing its monetary policy on the stability of prices in the economy. Certain currency restrictions were abolished and/or waived, including (i) restrictions on foreign currency purchase and sale by residents and cash withdrawals from debit cards in both national and foreign currencies for individuals were made available; (ii) the obligation to sell 50 per cent. of export hard currency revenues to commercial banks at CBU's exchange rate; and (iii) commercial banks were allowed to independently set their own tariffs and fees based on market conditions.

Foreign Exchange and International Reserves

In September 2017, the CBU liberalised the foreign currency market. As a result, the exchange rate of the soum was devalued to 8,100 soums per U.S. dollar as at 5 September 2018. As 30 June 2024, the nominal exchange rate was 12,620 soums per U.S. dollar and as at 31 December 2023, the nominal exchange rate was 12,338.7 soums per U.S. dollar. As at 12 September 2024, the nominal exchange rate was 12,715 soums per U.S. dollar.

In October 2023, the Republic of Uzbekistan, in cooperation with the United Nations Development Program, issued "Green" Eurobonds worth 4.25 trillion soums and Eurobonds worth U.S.\$660 million on the London Stock Exchange. This marked the first green sovereign Eurobonds issued in the CIS region.

In May 2024, the Republic of Uzbekistan placed sovereign international bonds for the principal amount of U.S.\$1.5 billion in three currencies, namely USD, EUR and UZS.

The CBU holds the international reserves of the Republic of Uzbekistan, including:

- gold and other precious metals;
- foreign currency in cash;
- foreign-currency bank account balances and deposits in foreign banks and international financial organisations; and
- foreign currency securities issued or guaranteed by foreign governments, banks and international financial organisations.

The CBU contributes to the maintenance of international reserves at a level sufficient for the implementation of the monetary and exchange rate policies of the Republic of Uzbekistan, as well as for international transactions.

Foreign Investment

Foreign investment into the banking sector is regulated by the laws "*On the Central Bank of Uzbekistan*", "*On the Banks and banking activities*", "*On the Securities market*", as well as the Regulation of the CBU No. 3252 dated 30 June 2020 ("**Regulation 3252**") regarding the procedure and conditions for granting permission for banking activities.

The amount of shareholders' equity of non-resident banks that intend to open banking subsidiaries and buy shares of the banks in the territory of Uzbekistan must be no less than EUR200 million. Non-resident banks are not permitted to open branches in the territory of Uzbekistan.

The CBU cooperates with a number of foreign financial institutions and central banks to assist with the transition to inflation targeting model as well as the development of the Uzbek banking system.

The CBU cooperates with IMF regarding a wide range of issues. Over the years IMF provided technical assistance in regard to balance of payments statistics, lender of last resort functions, monetary policy, inflation targeting, modelling and forecasting, banking supervision, financial solvency, risk management and debt management.

The CBU closely cooperates with the World Bank, as it provides technical assistance on issues of stress-testing methodology of the banking sector and a framework of rules and regulations on prudential supervision. The CBU also cooperates with the World Bank in digital banking and financial education.

The CBU also cooperates with the EBRD under the Memorandum of Understanding Regarding Cooperation in the Republic of Uzbekistan.

The Asian Development Bank provided technical assistance and support in the implementation of a risk-based approach in bank supervision. The National Bank of Switzerland advises the CBU in respect of the implementation of inflation analysis and forecasting models.

The liberalisation of foreign exchange control started in September 2017 evidenced efforts by the Uzbekistan government to improve the foreign investment climate in the country. Further liberalisation has taken place in January 2021 with adoption of amendments to the law *"On Foreign Currency Regulation"* which allowed pegging the price of goods and services to foreign currency in foreign investment projects based on the decisions of the President of Uzbekistan. Additionally, the resolution of the Cabinet of Ministers No.283 adopted on 14 May 2020 set out the new Regulation on Monitoring and Control over the Foreign Trade Operations. The Regulation has liberalised certain requirements in relation to foreign trade operations.

Concentration within the Banking Sector

As 1 August 2024 there was a high level of concentration in the banking sector, with the wholly and partly state-owned banks holding 67.0 per cent. of all of the banking sector's total assets, 70.0 per cent. of the banking sector's total loans, 62.0 per cent. of the banking sector's total share capital and 50.0 per cent. of the banking sector's total deposits, whereas private banks held 33.0 per cent. of all of the banking sector's total assets, 38.0 per cent. of the banking sector's total loans, 35.0 per cent. of the banking sector's total share capital and 50.0 per cent. of the banking sector's total deposits.

Payment Systems

There are three settlement systems currently in place in Uzbekistan. The first is the Interbank Payment System, which is designed for conducting electronic payments in soums among banks through their correspondent accounts at the CBU. The second system is the Unified Republic-wide Processing Center, which brings together the commercial banks that issue Uzbek soum cards. The centre established the interbank payment clearing system for soums plastic cards called "Uzcard". The third is the National Interbank Processing Centre – "HUMO" payment system. The membership in the Humair payment system is voluntary. As at 31 July 2023, "Uzcard" and "HUMO" payment systems were integrated.

Credit Ratings

In May 2024, S&P affirmed its 'BB-/B' long- and short-term foreign and local currency sovereign credit ratings of the Republic of Uzbekistan, with a stable outlook. In August 2024, Fitch affirmed Uzbekistan's long-term foreign and local currency issuer default ratings at 'BB-' with a stable outlook. Fitch also affirmed the issuer default ratings on Uzbekistan's senior unsecured foreign- and local-currency bonds at 'BB-' and the country ceiling was affirmed at 'BB-'.

Several Uzbekistan banks, including the Bank, have been rated by international rating agencies. In July 2024, Fitch affirmed its long-term foreign and local currency issuer default rating at 'BB-', and in August 2023, Moody's affirmed its rating of the Bank at 'Ba3'.

Role of the Central Bank of Uzbekistan

The CBU regulates the activities of banks and ensures the stable functioning of the banking system in the Republic of Uzbekistan under Article 151 of the Constitution. The Constitution of the Republic of Uzbekistan, the law *"On the Central Bank of the Republic of Uzbekistan"* and other legislative acts determine the legal status, powers, principles of organisation and activities of the CBU.

The CBU is a legal entity owned by the state, but it carries out financial activities and makes decisions within its authority independently. The CBU issues banknotes in circulation, acts as a bank, adviser as well as a fiscal agent of the Government of the Republic of Uzbekistan, and stores and manages official foreign exchange reserves for the Republic of Uzbekistan. The CBU is responsible for most of the supervisory and regulatory functions in Uzbekistan's financial sector. Additionally, the CBU can buy and sell government securities on the open market, as well as debt obligations issued by the CBU itself.

The primary goals of the CBU are to ensure price stability and the development of the banking and payment systems. To accomplish these goals, the CBU: (i) implements monetary policy by managing liquidity in the interbank money market through interventions in the foreign currency market, short-term refinancing loans, foreign currency swaps, open market operations and setting reserve requirements; (ii) sets interbank operational policies; (iii) ensures the stability and development of the banking and payment systems; and (iv) sets foreign currency regulation.

Role of the CBU as the Supervisor of Uzbekistan's Financial Sector

The main objectives of the CBU as regulator of the finance market are:

- formation, acceptance and implementation of monetary and currency control;
- the implementation of an effective settlement system in the Republic of Uzbekistan;
- licensing and supervision of banks, microfinance organisations, non-bank depository institutions, qualified credit institutions and credit bureaus;
- storage and management of official gold and foreign exchange reserves of the Republic of Uzbekistan; and
- implementation of the state budget together with the Ministry of Economy and Finance.

The CBU has the right to:

- represent the interests of the Republic of Uzbekistan in central banks of other states, international banks and other financial institutions;
- enter into financial transactions and render banking services to foreign governments, foreign central banks and bodies of monetary control, and also the international organisations of which the Republic of Uzbekistan is a member;
- open representative offices in foreign states; and
- perform accreditation in the Republic of Uzbekistan of representative offices of foreign banks.

Relations of the CBU with banks and credit institutes of other states are performed according to international treaties of the Republic of Uzbekistan and interbank agreements.

Issuing Money and Regulating its Circulation

The CBU is exclusively entitled to issue monetary symbols in circulation in the form of banknotes and coins as legal means of payment in the territory of the Republic of Uzbekistan. Banknotes and coins in circulation are unconditional obligations of the CBU and are backed by all of its assets.

The CBU also establishes rules for the storage, transportation and collection of cash.

Monetary Policy

The CBU develops the main directions for the monetary policy of the Republic of Uzbekistan for the coming year no later than 30 days before the beginning of the next fiscal year.

The main directions of monetary policy should contain:

- analysis and forecast of economic conditions;
- limits on the volume of money in circulation;
- targets for the annual growth rate of the money supply, including changes in the internal assets of the CBU;
- main directions of currency and interest rate policy; and
- the main objectives for monetary and credit regulation.

Acting as Banker, Adviser and Fiscal Agent of the Government

The CBU may carry out banking operations to maintain the main accounts of state authorities and their agencies, organisations, authorities of the Ministry of Defence, Ministry of Internal Affairs, State Security Service,

Ministry of Emergency Situations, State Customs Committee Republic of Uzbekistan, as well as enterprises, institutions and organisations subordinated to the CBU.

The CBU acts as a banker, adviser and fiscal agent of the Government of the Republic of Uzbekistan. The CBU also advises the Government on all-important issues related to its tasks and competencies. Furthermore, the CBU annually submits to the Government a report on economic and financial issues with recommendations on the preparation of the state budget.

The Government consults with the CBU on borrowing plans from internal and external sources, including the amounts that will be paid as part of such borrowing, on proposed terms and conditions for granting loans. The Ministry of Economy and Finance informs the CBU about all loans received by the Republic of Uzbekistan and its governmental bodies.

The CBU may accept deposits and currency values of the Government, as well as other government bodies, if they have permission from the Ministry of Economy and Finance. As a depository institution, the CBU receives and issues cash and currency values and keeps their records. It can pay interest on specified deposits.

The CBU, acting under the terms agreed with the Ministry of Economy and Finance, may act as a fiscal agent of the Government of the Republic of Uzbekistan and state bodies upon:

- placement of debt obligations issued by the Ministry of Economy and Finance and other state bodies, registration of placement and acting as an agent during their transfer;
- payment for the value, interest and other payments on specified securities;
- maintenance of accounts for the specified securities and execution of payment transactions with them; and
- implementation of other transactions with specified securities.

The CBU advises the Ministry of Economy and Finance on the schedule of issuance of government securities and the repayment of public debt, and considers their impact on the liquidity of the banking system and monetary policy priorities when doing so.

Operation of Clearing and Settlement Facility

The CBU is entitled to assist banks in settlement and clearing services for interbank payments, including payment by cheques and other payment instruments. The CBU is entitled to determine at its discretion the procedure for conducting such operations and to give appropriate prescriptions.

Supervision and Licensing

The CBU regulates and supervises the activities of banks, microfinance organisations, lombards and credit bureaus in order to maintain the stability of the financial and banking system, protect the interests of depositors, borrowers and creditors, as well as monitor and control their compliance with internal rules and the procedures for providing information related to countering money laundering, terrorist financing and the proliferation of weapons of mass destruction.

The CBU establishes:

- binding rules for banks to conduct banking operations, accounting and banking statistical reporting, and the preparation of annual reports;
- binding rules for microfinance organisations to conduct financial operations, accounting and reporting; and
- binding rules governing activities and operations of lombards and credit bureaus.

The CBU is entitled to:

- receive and monitor reporting and other documents of banks, microfinance organisations, lombards and credit bureaus, and request and receive information about their activities;
- monitor activities of banks and microfinance organisations, their branches and affiliated entities, as well as the activities of lombards and credit bureaus, and to impose sanctions for violations;
- set requirements to internal audit of banks and credit bureaus;
- set requirements to implementation of the quality classification of bank assets and the creation of adequate reserves to cover potential losses on assets;
- define conditions and procedure for writing off loss or assets;
- issue instructions to eliminate the violations identified in their activities to banks, microfinance organisations, lombards and credit bureaus; and
- determine qualification requirements managers, members of the board, chief accountants of banks and their branches, heads of executive bodies of microfinance organisations and credit bureaus.

In order to start operations, a bank in Uzbekistan is required to be registered with the CBU and hold a general banking licence issued by the CBU. Establishment of a bank is subject to a prior authorisation of the CBU. A decision concerning the issuance of a prior authorisation should be rendered within a period not later than three months from the day of submission of the application with all necessary documents, and should be based on a valuation of the financial possibilities, reputation of the founders, professional qualifications of the directors of the bank, evaluation of the business plan, financial plan, structure of capital, and confirmation of assets required for banking activities (premises, equipment, etc.).

In order to register a bank and obtain a banking licence, the founders must within a period not exceeding six months from the date of receipt of prior authorisation, comply with the requirements established by law. The decision to register a bank and issue a banking licence is made by the CBU within a period not exceeding one month from the date of fulfilment of the requirements of the CBU.

Regulation of the Banking Sector

Capital Adequacy

In accordance with the law "*On the banks and banking activity*", charter capital of the Bank is formed by monetary funds of founders and shareholders of the Bank. Use of funds obtained through loans, pledges and other engaged funds is not allowed. Nevertheless, in exceptional cases and in accordance with legislation, budgetary funds may be used to form charter capital of a bank. From 1 April 2024, the minimal amount of charter capital of a bank is 350 billion soums, and from 1 January 2025, it will be 500 billion soums.

Liquidity and Reserve Requirements

Commercial banks must monitor and control liquidity risks for major currencies and regularly report to the CBU. Banks should take into account unexpected revenue and expenses that may occur when monitoring and controlling the liquidity risk, including future transactions, repurchase agreements, devalued letters of credit, and letters of credit issued to unsatisfactory debtors and guarantees. Banks in Uzbekistan must comply with (i) a liquidity coverage ratio and (ii) an instant liquidity ratio. Liquidity coverage ratio is defined as the ratio of highly liquid assets to total net outflow in the next 30 days and should not be less than 100 percent. The instant liquidity ratio is defined as the ratio of the amount of cash and cash equivalents, securities of the Government of the Republic of Uzbekistan and the CBU and funds on the accounts of the bank with the CBU (except for mandatory reserves on the CBU accounts) to the amount of liabilities payable on demand. Only funds in the national currency, soums, are counted towards instant liquidity ratio. Instant liquidity ratio shall not be less than 25.0 per cent.

Liquidity analysis of a bank should focus on trends in liquidity indicators analysed during a period (month, quarter, year) and should analyse the past and current strategies for resource allocation. Liquidity analysis should also assess the causes of changes from past status. Liquidity coefficients are part of the overall liquidity adequacy ratio.

In the calculation of liquidity, the liquid assets to total assets ratio, additional liquidity ratio, liquid assets to non-current liabilities ratio and loans to deposits ratio are used. The share of pledged securities in the total securities portfolio also helps the banks to determine their liquidity position. When managing its liquidity indicators, a bank's management should also take into account other factors affecting current liquidity individual to a specific bank's financial position.

Requirements on liquidity indicators

The liquidity compensation ratio ("LCC") is defined as a ratio of highly liquid assets to the total net expenses payable within 30 days from the date of calculation. LCC shall not be less than 100.0 per cent. From 1 September 2019, this indicator shall be calculated in each of:

- all currencies;
- the national currency; and
- all foreign currency-denominated assets combined.

The net stable funding ratio is defined as the ratio of available stable funding to the required amount of stable funding. The net stable funding ratio shall not be less than 100.0 per cent. Available stable funding includes total capital, liabilities with maturity of more than one year, 30.0 per cent. of loans and current accounts, as well as 30.0 per cent. of term deposits and loans with maturity of less than one year. The required amount of stable funding includes impaired loans and non-financial assets, assets subject to claims and legal proceedings, 30.0 per cent. of assets with maturity of less than one year, as well as 15.0 per cent. of off-balance sheet items.

Regulation on Liquidity Requirements of Commercial Banks in Uzbekistan

According to the regulation on liquidity requirements of commercial banks in Uzbekistan, the following are considered as liquid assets: cash, gold bricks, the deposit money of banks at the account of CBU, money deposited at corresponding accounts of banks, securities of the CBU and the Government of Uzbekistan, short-term inter-bank loans (up to 30 days) and deposits, sovereign bonds of low risk countries and central banks, as well as other intergovernmental requests and requests to the CBU. The bonds and securities of those leading companies in low-risk countries that are considered as low-risk list securities according to rating agencies such as S&P's, Fitch and Moody's Investors Service or any other rating agencies recognised by the CBU.

According to the regulation on liquidity requirements of commercial banks in Uzbekistan, when the sovereign, banks or corporations have S&P's, Fitch, Moody's Investors Service and any other rating services recognised by the CBU, the lowest of them will be recognised and considered.

Mandatory Ratios

Mandatory economic ratios are established by the following regulations of the CBU:

- "On requirements for capital adequacy of commercial banks" No. 2693 dated 13 July 2015;
- "On requirements for liquidity management of commercial banks" No. 2709 dated 13 August 2015; and
- "On maximum risk level for a single borrower, a group of related borrowers, including bank affiliated persons No.3283 dated 29 October 2020".

A bank's regulatory capital serves as a base for calculation of the mandatory economic ratios and limits. A bank's regulatory capital consists of Tier I regulatory capital and Tier II regulatory capital. Tier I regulatory capital consists of Tier I main capital and Tier I additional capital and includes, among other items, charter capital, retained earnings and certain reserve funds. Tier II regulatory capital includes, among other items, reserves for standard loans (assets) and subordinated debt.

The following table sets forth the mandatory economic ratios that banks must observe on a daily basis and report to the CBU on the monthly basis. All mandatory economic ratios are calculated based on stand-alone financial statements prepared under UAL.

Mandatory Economic Ratio	Description	CBU Mandatory Economic Ratio Requirements
<i>Regulatory Capital Ratio</i>	Regulatory Capital Ratio is calculated as a ratio of Total capital to Risk-Weighted Assets. Total capital consists of Tier I and Tier II capital.	Minimum 13.0 per cent.
<i>Capital Adequacy Ratio</i>	The Capital Adequacy Ratio is calculated as a ratio of Tier I capital to Risk-Weighted Assets. Tier I capital consists of main capital and Tier I additional capital.	Minimum 10.0 per cent.
<i>Leverage Ratio</i>	Leverage Ratio is reported to reflect how leveraged a bank is in relation to its consolidated assets. The leverage ratio is calculated as a ratio of Tier I capital to total assets.	Minimum 6.0 per cent.
<i>Instant Liquidity Ratio</i>	Instant Liquidity Ratio is calculated as the ratio of the total liquid assets (cash, cash at correspondence accounts, repo, government bonds) to total liabilities.	Minimum 25.0 per cent.
<i>Maximum Exposure to a Single Borrower or a Group of Related Borrowers for unsecured loan portfolio</i>	It is formulated as the ratio of credit exposure of the bank to one borrower or a group of related borrowers for unsecured loan portfolio and the maximum risk is 25.0 per cent. of Tier I regulatory capital.	Maximum 25.0 per cent.
<i>Maximum Amount of Major Credit Risks</i>	Major credit is defined as the sum of total exposure exceeding 10.0 per cent. of a bank's Tier I capital. Maximum amount of major credit risks is calculated as a ratio of the aggregate amount of major credit exposures to a bank's Tier I capital.	Maximum 8 times (800.0 per cent.)
<i>Maximum Amount Of Unsecured Credit and Factoring Services Risks</i>	This ratio is intended to limit the aggregate credit exposure of a bank in connection with unsecured loans and factoring services. It is formulated as a ratio of the aggregate amount of a bank's unsecured loans to its Tier I regulatory capital.	Maximum 5.0 per cent.

Mandatory Reserve Deposit Requirements

In order to manage credit, currency, interest and financial risks in the banking sector, the CBU requires banks to form mandatory reserves and post them with the CBU to be held in designated accounts. Banks are required to report the calculation of reserves to the CBU promptly after the end of each month. The CBU's mandatory reserve requirements vary depending on the type of financial liabilities and range between 4.0 per cent. and 18.0 per cent. The CBU may fine a bank that fails to comply with reserve requirements and debit the insufficient reserve from its correspondent account with the CBU.

Audit of Banks

The audits of banks are carried out annually by audit organisations included in the Register of audit organisations of the Ministry of Economy and Finance and that have at least two auditors who have a qualification certificate issued by the CBU. The purpose of the audit is to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements and express an opinion as to whether the Financial Statements present fairly, in all material respects, the consolidated financial position, consolidated financial performance and consolidated cash flows of the Bank in accordance with IFRS.

According to the legislation, each bank should establish an internal audit service, approve by its management board and implement certain internal policies and regulations, including regulations on internal audit services and internal audit procedures.

Loan Loss Provisions

The CBU regulates the creation of provisions for loan losses under CBU standards and UAL and requires banks to classify their loans into the following categories and to create provisions for such loans in the corresponding amounts:

Category	Provision, %
Standard	1%
Substandard	10%
Unsatisfactory	25%
Doubtful	50%
Hopeless	100%

Loans must be classified into one of categories above and provisioned accordingly on the basis of criteria laid down by the CBU, which differs from IFRS criteria. Such criteria include absence of documentation required to ascertain the borrower's financial condition, existing non-performing or impaired loans of the borrower, negative trends in the borrower's industry, decline in the price of collateral, etc.

Cancellation of Banking Licence

According to the law "*On the banks and banking activity*", the CBU is entitled to revoke a licence for carrying out banking activities in the following cases:

- insolvency of the Bank;
- establishment of unreliability of information based on which the licence was issued;
- inability of a bank to perform obligations to investors and other creditors;
- systematic failure to provide requested or reliable information;
- performance of bank transactions contrary to legislation and terms of licence;
- delay in performance of banking transactions for more than one year from the issuance date of its licence;
- non-compliance with the requirements on the minimum amount of the charter capital;
- breach of internal rules and conditions of providing information associated with countermeasures to legalisation of profits obtained through illegal activity, financing terrorism, and financing distribution of mass destruction weapons; and
- in the case of a subsidiary of a foreign bank, revocation of such foreign bank's license.

Annual Reporting

Banks shall publish financial statements under UAL in form and terms established by the CBU, as well as publish financial statements under IFRS, upon confirmation of reliability of information provided. Financial statements of banks shall include:

- consolidated statements of financial position;
- consolidated statements of profit or loss and other comprehensive income;
- consolidated statements of changes in equity;
- consolidated statements of cash flows; and
- notes to the consolidated financial statements.

Banks shall publish annual financial statements together with the auditor's opinion no later than two weeks before annual shareholder meetings or any other governing body. Commercial banks shall provide copies of audit opinions together with audited financial statements to the CBU within 10 days after the audit inspection. Within three days of publication of an annual financial statement, a bank shall provide a copy of that edition to the CBU.

Anti-Money Laundering

Uzbekistan has made consistent efforts to meet international standards through new legislation. However, corruption and law enforcement's susceptibility to political influence limit the effectiveness of this legislative base. Connected individuals can circumvent established AML rules through private financial institutions, shell/mailbox companies, and bribery. Uzbekistan increased prosecutions on financial crimes; nevertheless, the Government's lack of transparency makes verifying the effectiveness of law enforcement in countering money laundering difficult.

Uzbekistan is not on the Financial Action Task Force ("**FATF**") List of Countries that have been identified as having strategic AML deficiencies. The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Uzbekistan was undertaken by FATF in 2023. According to that Evaluation, Uzbekistan was deemed Compliant for eight and Largely Compliant for 26 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for the remaining six Core Recommendations. Uzbekistan is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

Credit Cards

The issuance, maintenance and use of bank cards (credit cards, plastic cards, etc.) in the territory of the Republic of Uzbekistan are governed by the Regulation of the CBU No. 3294 "*On the rules for issuing bank cards and their circulation in the Republic of Uzbekistan*" and other regulatory and legal acts of the Republic of Uzbekistan, as well as agreements concluded between participants of interbank payment systems and rules established by payment organisations.

There are two payment systems, Uzcard and Humo, for making payments with plastic cards with microchip modules and a four-step data encryption system, which exclude counterfeit and unauthorised access by unauthorised persons. The withdrawal and crediting of customer accounts using plastic cards takes place after processing in the united Republic-wide processing centre, which protects customers and merchants from fraud and deception.

Payment Systems

The banking telecommunication network plays a key role in processing messages and transferring information required for effective operation of payment systems and regulating information flow between banks. The main distinctive feature of the banking telecommunications network is its structure, which unites branches of banks in Tashkent, regions and districts of Uzbekistan.

Due to implementation of a united balance system in real time and establishment of new branches in regional centres, the issue of BTS development in regional centres to provide high-speed data transfer was deemed necessary. To meet this need, between 2007 and 2008, specialists of the Head centre of Information of the CBU equipped regional centres and cities of the republic to provide BTS users with 192 kb/s and, in some cases, more.

In 2004, the Unified Nationwide Processing Centre ("**EOPTS**") was created, which allows a single mode of banking transactions in all outlets to be carried out, regardless of which bank is served by the organisation, the service sector, or the owner of a plastic card. Currently, the EOPTS comprises 36 partner banks, which issue the soum plastic cards. The EOPTS established an interbank payment clearing system for Soum plastic cards: Uzcard. In April 2024, the EOPTS was reorganised as a joint-stock company.

In 2018, the National Interbank Processing Centre ("**NIPC**") was established under the Decree of the President No. 3945 dated 19 September 2018. In 2019, the NIPC launched new plastic cards "HUMO". The distinctive feature of "HUMO" and "Uzcard" systems were integrated in 2023. Both payment systems support NFC payments through "HUMO Pay" and "Uzcard Pay" technologies.

Uzbekistan now has a quite widely developed system of non-cash payments based on plastic cards and remote access to banking operations through internet banking and mobile applications. According to the CBU, at the end 2023, the number of online banking users was approximately 44 million compared to approximately 30 million at the end of 2022. Moreover, the number of plastic cards in circulation reached 46 million on 31 December 2023, which is a 70.4 per cent. increase since 31 December 2021.

Dollarisation of Uzbek Economy

High levels of dollarisation of the economy of Uzbekistan reduce effectiveness of the monetary policy of the CBU. Furthermore, the total assets in the banking sector are 44.0 per cent. nominated in foreign currency as 30 June 2024. Therefore, when implementing the monetary policy, the CBU affects 56.0 per cent. of the sector's assets, which is a 4.0 per cent. increase since the same period of 2021.

To reduce the dollarisation of the sector, the CBU and the Government may implement reforms to reduce foreign borrowing in foreign currency, including government loans guaranteed by the Ministry of Economy and Finance of the Republic of Uzbekistan.

Recent and Expected Banking Reforms

In October 2019, in line with the Strategy of Action for five priority areas of development of the Republic of Uzbekistan for 2017-2021, Presidential Decree No. 4487 was issued in order to improve the financial stability of state-owned banks, efficiency of financing of state development programs and the UFRD funding. The Decree, among other things, implemented certain measures to strengthen the financial standing of the banking sector which included a withdrawal of government directed low-margin and subsidised assets from the state owned banks, including the Bank, in order to improve their return on assets and performance.

In addition, as part of the on-going banking sector reforms, foreign investors have been allowed to acquire stakes not exceeding 5.0 per cent. of share capital of banking organisations in the Republic of Uzbekistan without receiving CBU consent. New types of regulated loan products were introduced to the banking sector, including long-term mortgage loans for individuals.

Furthermore, on 7 November 2019, new version of the law "*On banks and banking activities*" was adopted. The new edition of the law is generally much more sophisticated and comprehensive. As such, the law supplemented the list of financial operations conducted by banks with new types of services, including trust management of property and assets, purchase and sale of refined precious metals and operations with derivative financial instruments. Furthermore, the new law introduces the concept of banking groups and the concept of a systemically significant bank. In addition, the new law provides for a number of customer protection measures in the banking market, including regulations on limits for loan and deposits interest rates, commissions, disclosure of information, deposits protection, as well as the banks' liability for violation of consumer rights.

Since 2021, several amendments were introduced to the law "*On banks and banking activities*" which provided for increase of the minimum amount of the charter capital of a bank as well as also simplified the procedure of opening branches and other divisions of banks.

The new law also introduces a formal procedure for granting a licence. The detailed licensing requirements are now set out in Regulation 3252. In addition, it regulates the procedure of reorganisation and liquidation of banks, as well as expanding the forms of banking transactions. The new law clarifies and discloses the forms and procedure of supervision by the CBU. The CBU will further supervise:

- strategies, procedures and mechanisms used by banks to comply with the requirements of the law;
- the existing and potential risks of banks to determine the degree (level) of provision of sustainable management by the mechanisms of regulatory compliance, capital and liquidity of a bank and covering their risks; and
- compliance of banks with the requirements of legislation on risk management and corporate governance.

A separate chapter related to the corporate governance of banks was included in the law. Articles regarding the competence of a bank's management bodies, the rules of ethical behaviour of bank employees, and measures to prevent corruption and to avoid conflicts of interest were incorporated. Banks now have to have a reliable, clearly defined organisational structure of corporate governance, which provides for:

- transparency regarding areas of responsibility;
- effective procedures for identifying, managing, monitoring and communicating the risks to which a bank is or may be exposed (scenarios of crisis imitation);
- the procedure for assessing capital adequacy to cover operational risk;
- relevant internal control mechanisms, including strict accounting procedures; and
- employee remuneration policies and methods that promote and comply with sound and efficient risk management.

In 2020 CBU adopted Regulation of the Central Bank No.3254 on Corporate Governance in Banks which contains detailed rules and principles of corporate governance. This Regulation, among others, mandates the establishment of special committees of banks' supervisory board, including audit committee, risk management committee and remuneration committee. Additionally, it set outs the type of information to be published by banks on their websites including information about their ultimate beneficiaries.

In 2020 CBU amended the regulations on reserve requirement rates, and in 2023 it issued a new regulation on mandatory stress-testing of banks and regular reporting on risk assessment in line with international practices.

In May 2020, the Strategy for reforming banking system of the Republic of Uzbekistan for the years 2020-2025 was adopted. This Strategy aims to increase effectiveness of the banking system, to ensure financial stability, to reduce the Government share in the banking sector and to increase accessibility and quality of financial products. The strategy provided for a complex transformation of several state-owned banks and their privatisation.

The strategy "Uzbekistan - 2030" endorsed by the President of the Republic of Uzbekistan in 2023 also provides for plans to accelerate reforms in the banking sector. Specifically, by 2030, there is a target to quadruple the volume of current deposits held in banks and attract approximately four reputable foreign banks to operate in Uzbekistan. In addition, there are plans to introduce Islamic banking services in at least three banks by 2030.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes, which, subject to amendment, will be endorsed on each Definitive Note and will (subject to the provisions thereof) apply to the Global Note.

The UZS700,000,000,000 21.75 per cent. notes due 2026 (the "**Notes**") which expression includes any further Notes issued pursuant to Condition 16 and forming a single series therewith of JSCB "Agrobank" (the "**Issuer**") were authorised by a written resolution of the Supervisory Council of the Issuer dated 6 September 2024. The Notes are constituted by a trust deed to be dated 2 October 2024 (the "**Trust Deed**") made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**", which expression shall include all persons for the time being who are the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes.

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed. The Issuer will enter into a paying agency agreement, to be dated 2 October 2024 (the "**Agency Agreement**") with the Trustee, The Bank of New York Mellon, London Branch as principal paying agent and calculation agent (the "**Principal Paying Agent**" and the "**Calculation Agent**" and, together with any other paying agents appointed under the Paying Agency Agreement, the "**Paying Agents**") and The Bank of New York Mellon SA/NV, Dublin Branch as registrar and transfer agent (the "**Registrar**") and (the "**Transfer Agent**"). The Registrar, the Paying Agents, the Calculation Agent and the Transfer Agent are together referred to herein as the "**Agents**", which expression includes any successor or additional paying and transfer agents or registrars appointed from time to time in connection with the Notes.

Copies of the Trust Deed and the Agency Agreement are available for inspection electronically from the Issuer or the Principal Paying Agent. The Noteholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them. Capitalised terms used but not defined in these Conditions shall have the respective meanings given to them in the Trust Deed.

1. Form and Denomination

The Notes are issued in fully registered form, without interest coupons attached, in denominations of UZS2,500,000,000 or integral multiples of UZS10,000,000 in excess thereof ("**authorised denominations**"). Title to the Notes shall pass by registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The Notes are represented by registered definitive Notes ("**Definitive Notes**") and, save as provided in Condition 3(c), each Definitive Note shall represent the entire holding of Notes by the same holder.

2. Status

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

3. Register, Title and Transfers

- (a) **Register:** The Registrar shall maintain the Register in respect of the Notes in accordance with the provisions of the Agency Agreement. The Register shall be kept at the specified office for the time being of the Registrar and shall record the names and addresses of the holders of the Notes, particulars of the Notes and all transfers and redemptions thereof. In these Conditions, the "holder" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

- (b) **Title:** Title to the Notes will pass by and upon registration in the Register. The holder of each Note shall (except as otherwise required by a court of competent jurisdiction or applicable law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Definitive Note relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Definitive Note) and no person shall be liable for so treating such holder.
- (c) **Transfers:** Subject to Conditions 3(f) and 3(g) below, a holding of Notes may be transferred in whole or in part in an authorised denomination upon surrender (at the specified office of the Registrar or the Transfer Agent) of the relevant Definitive Note representing that Note, together with the form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer endorsed thereon) (the "**Transfer Form**"), duly completed and executed, at the specified office of the Transfer Agent or of the Registrar, together with such evidence as the Transfer Agent or the Registrar may reasonably require to prove the title of the transferor and the authority of the persons who have executed the Transfer Form. In the case of a transfer of part only of a holding of Notes represented by one Definitive Note, a new Definitive Note shall be issued to the transferee in respect of the part transferred and a further new Definitive Note in respect of the balance of the holding not transferred shall be issued to the transferor. Neither the part transferred nor the balance not transferred may be less than the minimum authorised denomination. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Definitive Note representing the enlarged holding shall only be issued against surrender of the Definitive Note representing the existing holding. No transfer of a Note will be valid unless and until entered on the Register.
- (d) **Exercise of Options or Partial Redemption in Respect of Notes:** In the case of an exercise of a Noteholders' option in respect of, and a partial redemption of, a holding of Notes represented by a single Definitive Note, a new Definitive Note shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Notes of the same holding having different terms, separate Definitive Notes shall be issued in respect of those Notes of that holding that have the same terms. New Definitive Notes shall only be issued against surrender of the existing Definitive Notes to the Registrar or the Transfer Agent.
- (e) **Delivery of New Definitive Notes:** Each new Definitive Note to be issued pursuant to Condition 3(c) or 3(d) shall be available for delivery within three business days of receipt of a duly completed form of transfer or Change of Control Put Option Notice (as defined in Condition 7(e)) and surrender of the existing Definitive Note(s). Delivery of the new Definitive Note(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Change of Control Put Option Notice or Definitive Note shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or Change of Control Put Option Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Definitive Note to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 3(e), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar (as the case may be).
- (f) **Transfer or Exercise Free of Charge:** Definitive Notes, on transfer or exercise of an option and partial redemption, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment by the person making such application for transfer or exercise of an option of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the Transfer Agent may require).

- (g) **Closed Periods:** No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(b), (iii) after any such Note has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date.
- (h) **Regulations concerning Transfer and Registration:** All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer and registration of Notes set out in Schedule 1 to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Agents (such approval not to be unreasonably withheld or delayed). A copy of the current regulations will be sent by the Registrar free of charge to any person who so requests and will be available at the specified offices of the Registrar and at the specified office of the Transfer Agent.

4. Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Material Subsidiaries will create, or permit to arise or subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction (a "**Security Interest**") other than a Permitted Security Interest upon the whole or any part of its property, assets or revenues, present or future, to secure any Indebtedness, without in any such case at the same time or prior thereto securing the Notes equally and rateably therewith or have the benefit of such other arrangement as (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

5. Covenants

(a) Regulatory Compliance

- (i) So long as any Note remains outstanding, the Issuer shall not permit its:
 - (A) CBU Capital Adequacy Ratio to fall below the minimum percentage set by the CBU;
 - (B) CBU Tier 1 Capital Adequacy Ratio to fall below the minimum percentage set by the CBU; and
 - (C) CBU Leverage Ratio to fall below the minimum percentage set by the CBU.
- (ii) The Issuer shall comply with all other financial and prudential ratios set by the CBU applicable to banks generally in the Republic of Uzbekistan except where the failure to do so would not, individually or in the aggregate, have a Material Adverse Effect.

(b) **Restricted Payments:** So long as any Note remains outstanding, the Issuer will not, and will not permit any of its Subsidiaries, directly or indirectly, to make a Restricted Payment, unless at the time of and after giving effect to such Restricted Payment:

- (i) no Event of Default shall have occurred and be continuing (or would result therefrom); and
- (ii) the aggregate amount of such Restricted Payment made during any financial year of the Issuer would not exceed 50 per cent. of the Consolidated Net Profit for the previous financial year determined by reference to the Issuer's audited consolidated financial statements for the previous financial year delivered to the Trustee pursuant to Condition 5(c),

provided, however, that in any financial year where the Issuer is required under a binding decree or directive from any Agency in the Republic of Uzbekistan, to make any Restricted Payments to its shareholders and the mandatory amount of such Restricted Payments exceeds the threshold set out in paragraph (ii) above, such higher threshold as specified in the decree, directive or any Governmental resolution having similar effect shall apply for the purposes of this Condition 5(b).

(c) **Financial Statements etc.:** So long as any Note remains outstanding, the Issuer shall make available on its website and deliver to the Trustee:

(i) not later than 180 days after the end of the Issuer's financial year, copies (in English) of the Issuer's audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period, and all such annual financial statements of the Issuer shall be accompanied by the audit report (in English) of the Auditors thereon and supplemented with information as to (A) the CBU Capital Adequacy Ratio, (B) the CBU Tier 1 Capital Adequacy Ratio and (C) the CBU Leverage Ratio; and

(ii) not later than 120 days after the end of the first six months of each of the Issuer's financial years, copies (in English) of the Issuer's unaudited consolidated financial statements for such six-month period, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period and all such financial statements of the Issuer shall be accompanied by the review report (in English) of the Auditors thereon and supplemented with information as to (A) the CBU Capital Adequacy Ratio, (B) the CBU Tier 1 Capital Adequacy Ratio and (C) the CBU Leverage Ratio,

in the case of each of (i) and (ii) above, together with a written notice in the form of an Officer's Certificate in the form set out in the Trust Deed stating whether since the date of the last certificate or, if none, the Issue Date an Event of Default or a Potential Event of Default shall have occurred and be continuing, describing all such Events of Default or Potential Events of Default and what action the Issuer is taking or proposes to take with respect thereto; and

(iii) the Issuer shall also post such financial statements on its website within the time periods referred to in Condition 5(b)(i) or 5(b)(ii) above, as the case may be.

(d) **Limitation on Mergers:**

(i) So long as any Note remains outstanding, the Issuer shall not (x) enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation, as these terms may be construed under applicable Uzbek law) or undergo any other type of corporate reconstruction, or (y) in a single transaction or a series of related transactions, directly or indirectly, merge, consolidate, amalgamate or otherwise combine with or into another Person or sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer or the Group, to another Person, unless:

(A) (i) the surviving or resulting entity or the transferee (the "**Successor Entity**") is the Issuer or, (ii) if not the Issuer, the Successor Entity (x) assumes all the obligations (if any) of the Issuer under the Notes and the Trust Deed, and (y) retains or succeeds to all of the rights and obligations of the Issuer under all of its material government permits, licenses, consents and authorisations; and

(B) such transaction(s) would not, individually or in the aggregate, have a Material Adverse Effect; and

- (C) promptly after such transaction(s), the Successor Entity delivers to the Trustee an Officer's Certificate certifying to the Trustee that the transaction complies with these Conditions (upon which certification the Trustee shall be entitled to rely without further enquiry and without liability to any person).
- (ii) So long as any Note remains outstanding, the Issuer shall ensure that none of the Material Subsidiaries shall (x) enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation, as these terms may be construed under applicable law) or undergo any other type of corporate reconstruction or (y) in a single transaction or a series of related transactions, merge, consolidate, amalgamate or otherwise combine with or into another Person or sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of such Material Subsidiary, unless:
 - (A) (i) such Material Subsidiary is the Successor Entity or (ii) the Successor Entity (if not such Material Subsidiary) retains or succeeds to all of the rights and obligations of such Material Subsidiary under all of its material government permits, licenses, consents and authorisations (if any); and
 - (B) such transaction(s) would not, individually or in the aggregate, have a Material Adverse Effect; and
 - (C) promptly after such transaction(s), the Issuer (on behalf of the Successor Entity) delivers to the Trustee an Officer's Certificate certifying to the Trustee that the transaction complies with these Conditions (upon which certification the Trustee shall be entitled to rely without further enquiry and without liability to any person).
 - (iii) Notwithstanding the foregoing:
 - (A) The Issuer may perform acts set out in Condition 5(d)(i) if required to do so by statute or a Government resolution applicable to the Issuer, *provided that* (i) the Issuer is the Successor Entity or (ii) if not the Issuer, the Successor Entity (x) assumes all the obligations (if any) of the Issuer under the Notes and the Trust Deed, and (y) retains or succeeds to all of the rights and obligations of the Issuer under all of its material government permits, licenses, consents and authorisations;
 - (B) Any Material Subsidiary of the Issuer may perform acts set out in Condition 5(d)(ii) if required to do so by statute or a Government resolution applicable to the Issuer or such Material Subsidiary, *provided that* (i) such Material Subsidiary is the Successor Entity or (ii) the Successor Entity (if not such Material Subsidiary) retains or succeeds to all of the rights and obligations of such Material Subsidiary under all of its material government permits, licenses, consents and authorisations (if any); and
 - (C) Any Subsidiary of the Issuer may consolidate with, merge with or into, amalgamate or otherwise combine with or sell, assign, transfer, convey or otherwise dispose of all of its assets to the Issuer or another Subsidiary of the Issuer.

(e) Asset Sales

- (i) So long as any Note remains outstanding, the Issuer shall not, and shall ensure that none of its Material Subsidiaries shall, directly or indirectly, consummate an Asset Sale, unless:
 - (A) the terms of such Asset Sale are substantially no less favourable to the Issuer or the relevant Material Subsidiary, as the case may be, than those which would

be obtained in a comparable arm's length transaction and on commercially reasonable terms; and

- (B) the Issuer delivers to the Trustee a resolution (or an extract therefrom) of the appropriate decision-making body of the Issuer or the relevant Material Subsidiary, if applicable (in the English language) along with an Officer's Certificate certifying that such Asset Sale complies with this Condition 5(e); and
 - (ii) The Trustee may rely on such resolution and such Officer's Certificate referred to in this Condition 5(e) without further enquiry and will not be responsible or liable to any person for so doing.
- (f) **Affiliate Transactions:** So long as any Note remains outstanding, the Issuer will not, and will not permit any of its Material Subsidiaries to, enter into or permit to exist any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer or such Material Subsidiary (an "**Affiliate Transaction**") unless:
- (i) the terms of the Affiliate Transaction are no less favourable to the Issuer or such Material Subsidiary than those that could be obtained at the time of the Affiliate Transaction in a comparable arm's-length transaction with a Person who is not an Affiliate of the Issuer or such Material Subsidiary; and
 - (ii) the Issuer delivers to the Trustee with respect to any Affiliate Transaction, or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.\$100,000,000 (or its U.S. Dollar Equivalent), a resolution of the Issuer's Board of Directors (in the English language) along with an Officer's Certificate certifying that such Affiliate Transaction complies with this Condition 5(f) and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Issuer's Board of Directors or such Material Subsidiary's Board of Directors (or, in the event there is only one disinterested member of the Issuer's or Material Subsidiary's Board of Directors, approved by such disinterested member); *provided, however, that* the provisions of these Conditions 5(f)(i) and 5(f)(ii) shall not apply to:
 - (A) any Affiliate Transaction where the Affiliate in question is an Agency of the Republic of Uzbekistan or a Person which is a Subsidiary of, or is otherwise controlled by an Agency of the Republic of Uzbekistan;
 - (B) any employment agreement, employee compensation arrangements, consulting agreement, employee benefit plan, officer and director indemnification agreement or any similar arrangement entered into by the Issuer or any of its Material Subsidiaries in the ordinary course of business and compensation (including bonuses and equity compensation) paid to and other benefits (including retirement, health and other benefit plans) and indemnification arrangements provided on behalf of directors, officers, consultants and employees of the Issuer or any of its Material Subsidiaries;
 - (C) transactions between or among or solely for the benefit of the Issuer and/or its Subsidiaries;
 - (D) any issuance of Capital Stock of the Issuer to Affiliates of the Issuer or the receipt of capital contributions by the Issuer from Affiliates of the Issuer;
 - (E) Restricted Payments permitted to be made pursuant to Condition 5(b); and
 - (F) agreements and arrangements, and transactions pursuant thereto, existing on the Issue Date and any amendment, extension, renewal, refinancing, modification or supplement thereof; *provided that* following such amendment,

extension, renewal, refinancing, modification or supplement, the terms of any such agreement or arrangement so amended, modified or supplemented are, on the whole, no less favourable to the Issuer and its Material Subsidiaries, as applicable, than the original agreement or arrangement as in effect on the Issue Date.

- (iii) The Trustee may rely on such resolution and such Officer's Certificate referred to in this Condition 5(f) without further enquiry and will not be responsible or liable to any person for so doing.
- (g) **Maintenance of Authorisations:** So long as any Note remains outstanding, the Issuer shall, and shall ensure that each of its Material Subsidiaries will, take all action which may be necessary to ensure the obtaining and continuance of, all consents, licences, approvals and authorisations required in or by the laws of the Republic of Uzbekistan or any relevant jurisdiction or Agency having regulatory authority in respect of the Issuer or any Material Subsidiary of the Issuer in order to carry out its business activities, save to the extent that failure to do so would not or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.
- (h) **Change of Business:** So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not make any material change to the general nature of the Issuer's business from that carried on at the Issue Date.

6. Interest

The Notes bear interest on their outstanding principal amount from and including the Issue Date at the rate of 21.75 per cent. per annum, payable semi-annually in arrear on 2 April and 2 October in each year (each an "**Interest Payment Date**"), commencing on 2 April 2025 and will amount to UZS1,087,500 per Calculation Amount (as defined below). Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Definitive Note representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated per UZS10,000,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7. Redemption and Purchase

- (a) **Final redemption:** Unless previously redeemed, or purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on 2 October 2026 (the "**Maturity Date**").

The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.

- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 17 and to the Trustee and Agents (which notice shall be irrevocable) at the principal amount thereof, together with interest accrued to (but excluding) the date fixed for redemption, if (i) immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or becomes effective on or after the Issue Date and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (x) an Officer's Certificate of the Issuer stating that the Issuer is entitled to effect such redemption and that the conditions precedent to the right of the Issuer to so redeem set out in (i) and (ii) above have occurred and (y) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept and rely absolutely, without further enquiry and without liability to any person, upon such opinion and certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Noteholders. All Notes in respect of which any such notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.
- (c) **Purchase:** the Issuer and its Subsidiaries may at any time purchase or procure others to purchase for its account Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 13(a).
- (d) **Cancellation:** All Definitive Notes representing Notes purchased pursuant to this Condition 7 shall be either cancelled forthwith, held or, to the extent permitted by law, resold. Any Definitive Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (e) **Redemption at the option of Noteholders upon a Change of Control:** If at any time while any Note remains outstanding a Change of Control Put Event occurs, the Issuer shall, at the option of the holder of any such Note (the "**Change of Control Put Option**"), redeem or purchase such Note on the Change of Control Put Date (as defined below) at 100 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest accrued to but excluding the Change of Control Put Date.

If a Change of Control Put Event occurs then, within 14 days of the occurrence of the Change of Control Put Event, the Issuer shall give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 17 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, a holder of Notes must deliver at the specified office of any Paying Agent, on any business day (being a day on which commercial banks are open for business in the city where such Paying Agent has its specified office) falling within the period commencing on the date on which the Change of Control Notice is given to

Noteholders as required by this Condition 7(e) and ending 60 days after such date (the "**Change of Control Put Period**"), a duly signed and completed notice of exercise in the form obtainable from any specified office of any Paying Agent (a "**Change of Control Put Option Notice**") and in which the holder must specify a bank account to which payment is to be made under this paragraph accompanied by the applicable Definitive Note or Notes or evidence satisfactory to the Paying Agent concerned that the certificate for such Notes will, following the delivery of the Change of Control Put Option Notice, be held to its order or under its control.

The Issuer shall redeem or purchase (or procure the purchase of) the Notes the subject of each Change of Control Put Option Notice on the date (the "**Change of Control Put Date**") 14 days after the expiration of the Change of Control Put Period unless previously redeemed or purchased and cancelled. A Change of Control Put Option Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Put Option Notice and require the applicable Definitive Note or Notes to be returned.

For the purposes of this Condition 7(e):

- (i) a "**Change of Control**" means the Republic of Uzbekistan ceases to own (whether directly or indirectly) at least fifty-one per cent (51 per cent.) of the issued voting share capital of the Issuer;
- (ii) "**Change of Control Put Event**" means the occurrence of a Change of Control;

8. Payments

(a) Method of Payment

- (i) Payments of principal shall be made in U.S. Dollars and in the amounts calculated in accordance with Condition 8(a)(iv) (subject to surrender of the relevant Definitive Notes at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Definitive Notes) by transfer to an account in U.S. Dollars maintained by the payee with a bank.
- (ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in U.S. Dollars and in the amounts calculated in accordance with Condition 8(a)(iv) by transfer to an account in U.S. Dollars maintained by the payee with a bank.
- (iii) If the amount of principal (in Soum) in respect of which a payment is being made upon surrender of the relevant Definitive Note is less than the outstanding principal amount (in Soum) of such Definitive Note, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Definitive Note with a principal amount (in Soum) equal to the remaining unpaid outstanding principal amount. If the amount of interest (in Soum) in respect of which a payment is being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest (in Soum) so paid.
- (iv) Amounts of interest and principal due in respect of the Notes will be calculated by the Calculation Agent for payment in U.S. Dollars by dividing the relevant Soum amounts by the Average Representative Market Rate on the applicable Rate Calculation Date. The Calculation Agent will, on each Rate Calculation Date (which is also a Business Day and provided that the CBU Rate is available) or no later than one Business Day following the Rate Calculation Date (if the CBU Rate is unavailable for any Calculation Business Day), notify the Issuer and the Paying Agents of the amounts of interest and principal (stated in both Soum and U.S. Dollars) payable on any Interest Payment Date,

the Maturity Date or any other date on which principal or interest becomes payable under these Conditions, as applicable, as well as the applicable Average Representative Market Rate. In connection with the foregoing, the Calculation Agent will be entitled to conclusively rely, without liability, investigation or verification, on any determinations made by the Reference Banks. The Trustee and the other Agents may rely without liability, investigation or verification, on any determination made by the Calculation Agent.

In this Condition 8(a)(iv):

"Average Representative Market Rate" shall mean the arithmetic mean of the Representative Market Rates for the last five FX Business Days immediately before (and including) the applicable Rate Calculation Date. In the event that the Calculation Agent is unable to make this calculation due to the unavailability of Representative Market Rates necessary for the calculation, then the Calculation Agent shall take the arithmetic mean of the CBU Rate for the last five days that such CBU Rate was published.

"Business Day" shall mean a day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business in Tashkent, Uzbekistan and in the city where the specified office of the Calculation Agent is located.

"Calculation Business Day" shall mean an FX Business Day used to determine the Average Representative Market Rate.

"FX Business Day" shall mean a day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business in Tashkent, Uzbekistan.

"Rate Calculation Date" shall mean the fourth FX Business Day preceding each Interest Payment Date, the Maturity Date or any other date on which principal or interest becomes payable under these Conditions.

"Reference Banks" shall mean Joint-Stock Company "National Bank for Foreign Economic Activity of the Republic of Uzbekistan", Joint-Stock Commercial Bank "Uzbek Industrial and Construction Bank", Joint Stock Commercial Bank "Asaka" and Joint Stock Commercial Mortgage Bank "Ipoteka Bank" or their legal successors.

"Representative Market Rate" shall mean, with respect to any Calculation Business Day, the Soum/U.S. Dollar daily official (market) foreign exchange rate for the previous FX Business Day, expressed as the amount of Soum per one U.S. Dollar and as reported by the CBU and published on its website (<https://cbu.uz/en> or any successor page thereto) (the "**CBU Rate**"), as determined by the Calculation Agent. In the event that the CBU Rate is unavailable for any Calculation Business Day, then the Calculation Agent shall determine the Representative Market Rate by the Issuer polling the Reference Banks on the immediately following FX Business Day for the Soum/U.S. Dollar exchange rate at 12:00 (noon) Tashkent time on such Calculation Business Day for the professional market and the Issuer providing such polled exchange rates to the Calculation Agent with the Calculation Agent taking the arithmetic mean of the polled exchange rates, provided that at least two quotations are obtained.

- (v) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8(a) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents and the Noteholders and no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non - exercise by it of its powers, duties and discretions for such purposes.

- (b) **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (c) **Agents:** The initial Agents and their initial specified offices are listed below. The Issuer reserves the right (subject to prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed)) to terminate the appointment of all or any of the Agents at any time (*provided that* no Agent shall be responsible for any costs or liabilities occasioned by any such termination) and appoint additional or other payment or transfer agents, *provided that* the Issuer will maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved by the Trustee (such approval not to be unreasonably withheld or delayed). Notice of any such change will be provided as described in Condition 17 below.
- (d) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, or if the Noteholder is late in surrendering or cannot surrender its Definitive Note (if required to do so).
- (e) **Non-Business Days:** If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 8, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and on which foreign exchange transactions may be carried on in U.S. Dollars in New York City.

9. Taxation

All payments of principal, interest and other amounts in respect of the Notes by the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Definitive Note:

- (a) held by a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Uzbekistan other than the mere holding of such Definitive Note; or
- (b) where (in the case of a payment of principal or interest on redemption) the relevant Definitive Note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had surrendered the relevant Definitive Note on the last day of such period of 30 days.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an

intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

"**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Definitive Note representing such Note being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such surrender.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition. If the Issuer becomes subject in respect of payments of principal or interest on the Notes to any taxing jurisdiction other than (or in addition to) the Republic of Uzbekistan, references in these Conditions to the Republic of Uzbekistan shall be construed as references to such other jurisdiction.

10. Events of Default

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

- (a) the Issuer fails to pay any amounts payable on any of the Notes when due and such failure continues for a period of seven days in relation to principal and 14 days in relation to interest; or
- (b) the Issuer does not perform or comply with any of its other obligations in the Notes or the Trust Deed which default (i) is (in the opinion of the Trustee) incapable of remedy and, in the case of a breach of an obligation under the Trust Deed, (in the opinion of the Trustee) materially prejudicial to the interests of the Noteholders or (ii) if in the opinion of the Trustee capable of remedy is not remedied within 45 days or such longer period as the Trustee may agree after notice of such default having been given to the Issuer by the Trustee in writing requesting the same to be remedied; or
- (c) (i) any other present or future Indebtedness of the Issuer or any of its Subsidiaries becomes due and payable prior to its stated maturity by reason of any default (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness, *provided that* the aggregate amount of the relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$25,000,000 or its U.S. Dollar Equivalent; or
- (d) the occurrence of any of the following events:
 - (i) an effective resolution is passed by the Issuer or an order of a court of competent jurisdiction is made (and has come into force) the Issuer be wound-up or dissolved, in each case otherwise than for the purposes of or pursuant to a reorganisation, consolidation, amalgamation, merger or reconstruction permitted by Condition 5(d); or

- (ii) an effective resolution is passed by a Material Subsidiary or an order of a court of competent jurisdiction is made (and has come into force) for the winding-up or dissolution of any Material Subsidiary except (i) for the purposes of or pursuant to a consolidation or amalgamation with or merger into the Issuer or any other Subsidiary (provided such Subsidiary will be a Material Subsidiary following such consolidation, amalgamation or merger), (ii) for the purposes of or pursuant to a reorganisation, consolidation, amalgamation, merger or reconstruction permitted by Condition 5(d) or (iii) by way of a voluntary winding-up or dissolution and there are surplus assets in any Material Subsidiary and any such surplus assets attributable to the Issuer and/or any Subsidiary are distributed to the Issuer and/or any other Subsidiary (provided such Subsidiary will be a Material Subsidiary following such winding-up or dissolution); or
 - (iii) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Issuer or any Subsidiary and the same has a Material Adverse Effect, if such possession or appointment is not discharged or rescinded within 120 calendar days thereof; or
 - (iv) a distress, execution or seizure before judgment is levied or enforced upon the whole or a material part of the property of the Issuer and the same has a Material Adverse Effect, unless such distress, execution or seizure is stayed or discharged within 120 calendar days of its commencement; or
 - (v) the Issuer or any Material Subsidiary through an official action of the Board of Directors of the Issuer or such Material Subsidiary (as the case may be) announces its inability to pay, or is unable to pay its debts generally as and when they fall due; or
 - (vi) proceedings shall have been initiated against the Issuer or any Material Subsidiary for its liquidation, insolvency, bankruptcy or dissolution under any applicable bankruptcy or insolvency law and, in respect of a Material Subsidiary only, such liquidation, insolvency, bankruptcy or dissolution would have a Material Adverse Effect, and such proceedings shall not have been discharged or stayed within a period of 120 calendar days; or
 - (vii) the Issuer or any Material Subsidiary shall initiate or consent to proceedings for its liquidation, insolvency, bankruptcy or dissolution relating to itself under any applicable bankruptcy, or insolvency law or make a general assignment for the benefit of, or enters into any general composition with, its creditors generally, unless, in respect of a Material Subsidiary only, such liquidation, insolvency, bankruptcy or dissolution would not have a Material Adverse Effect; or
 - (viii) a moratorium is agreed or declared in respect of any Indebtedness of the Issuer and the same has a Material Adverse Effect, or any governmental authority or agency condemns, seizes, compulsorily purchases, transfers or expropriates all or a material part of the assets, licences or shares of the Issuer;
- (e) a judgment, order, decree of a court or other appropriate law enforcement body from which no further appeal or judicial review is permissible under applicable law for the payment of any amount in excess of U.S.\$25,000,000 (or, to the extent non-U.S. Dollar denominated, the U.S. Dollar Equivalent of such amount) is rendered against the Issuer or any of its Material Subsidiaries and continues unsatisfied and unstayed for a period of 30 days after the date thereof or, if later, the date therein specified for payment or on which such judgment or order otherwise becomes enforceable; or
- (f) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make

the Notes and the Trust Deed admissible in evidence in the courts of the Republic of Uzbekistan, is not taken, fulfilled or done; or

- (g) the validity of the Notes or the Trust Deed, as the case may be, is contested by the Issuer, or the Issuer shall deny any of its obligations thereunder or it is, or will become, unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed or any of such obligations shall become unenforceable or cease to be legal, valid and binding; or
- (h) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) and (f) above.

11. Prescription

Claims for the payment of principal and interest in respect of any Definitive Note shall be prescribed unless made within 10 years (for claims for the payment of principal) or five years (for claims for the payment of interest) from the appropriate Relevant Date in respect of them.

12. Replacement of Definitive Notes

If any Definitive Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Definitive Notes must be surrendered before replacements will be issued.

13. Meetings of Noteholders, Modification and Waiver

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such meetings shall be held in accordance with the provisions set out in the Trust Deed. Such a meeting may be convened by the Trustee upon receipt of a written request by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses). The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes, (iii) to alter the method of calculating the amount of any payment in respect of the Notes, (iv) to change the currency of payment of the Notes or (v) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than two-thirds in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly

convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification and Waiver:** The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement or the Notes which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Notes, the Agency Agreement or the Trust Deed, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders as soon as practicable thereafter.
- (c) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other Person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

14. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions and/or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take, nor shall the Trustee be bound to take or omit to take, any such steps, actions and/or proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes outstanding and (ii) it shall have been indemnified and/or provided with security and/or prefunded in each case to its satisfaction. No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trust Deed also contains a provision permitting the Trustee to request a compliance certificate from the Issuer related to compliance with the Conditions in the circumstances described in the Trust Deed. The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer and the Noteholders. The liability of the Auditors to the Trustee in respect of any report, confirmation, certificate or advice of the Auditors shall be governed by the terms of such report, confirmation, certificate or advice (or the engagement letter relating thereto).

16. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for

the first payment of interest) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

17. Notices

Notices to the Noteholders shall be valid if sent to them by first class mail (airmail if overseas) at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as the Notes are listed on the Stock Exchange, notices will be published in a manner which complies with the rules and regulations of the Stock Exchange. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

18. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer, shall indemnify each Noteholder on the written demand of such Noteholder, addressed and delivered to the Issuer, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

20. Governing Law

The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with any of them are governed by, and shall be construed in accordance with, English law.

21. Arbitration, Consent to Enforcement and Waiver of Immunity

- (a) **Arbitration:** Any dispute arising out of or connected with the Notes and the Trust Deed, including a dispute as to the validity or existence of the Notes and the Trust Deed and/or this Condition 21 or any non-contractual obligation arising out of or in connection with the Notes and the Trust Deed (a "**Dispute**"), shall be resolved by arbitration whose seat shall be in London, England, conducted in the English language by three arbitrators pursuant to the rules of the London Court of International Arbitration ("**LCIA**") (such arbitration to also be administered by the LCIA in accordance with those rules), which rules are deemed to be incorporated by reference into this Condition with the exception that any provision of such rules relating to the nationality of an arbitrator shall, to that extent, not apply and save that, unless the parties agree otherwise, the third arbitrator, who shall act as chairman of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If the third arbitrator is not so nominated within 30 days of the date of nomination of the later of the two

party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

- (b) **Agent for Service of Process:** The Issuer has appointed Law Debenture Corporate Services Limited, at Eighth Floor, 100 Bishopsgate, London EC2N 4AG as its agent in England to receive service of process in any proceedings in England in connection with the Notes and the Trust Deed.
- (c) **Consent to enforcement etc.:** The Issuer consents generally in respect of any Disputes to the giving of any relief or the issue of any process in connection with such Disputes including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any judgment or award which may be made or given in such Disputes.
- (d) **Waiver of immunity:** To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before the making of a judgment or an award or otherwise) or other legal process including in relation to the enforcement of a judgment or award and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its respective assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity.

22. Definitions

In these Conditions, the following terms shall have the following meanings:

"Accounting Principles" means the generally accepted accounting principles in the Republic of Uzbekistan, including IFRS;

"Affiliate" of any specified Person, means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, **"control"**, as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition: (i) the terms **"controlling"**, **"controlled by"** and **"under common control with"** have correlative meanings; and (ii) "Affiliate" shall include funds advised by the specified Person;

"Agency" means any agency, authority, central bank, department, committee, government, legislature, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, any state or supra-national body;

"Asset Sale" means

- (a) the sale, lease, conveyance or other disposition of any tangible or intangible assets (other than cash) or rights or revenues of the Issuer or a Subsidiary of the Issuer in one or more transactions or series of transactions (whether related or not);
- (b) the issuance of Capital Stock in any Subsidiary of the Issuer or the sale of Capital Stock in any of its Subsidiaries.

Notwithstanding the foregoing, none of the following items will be deemed to be an Asset Sale:

- (a) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than 10 per cent. of the consolidated total assets of the Issuer (as calculated by reference to the most recent consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c);

- (b) any sale or other disposition of Capital Stock in a Subsidiary not involved in carrying out banking business or any sale or other disposition of other assets that are no longer useful in the conduct of the business of the Issuer or its Subsidiaries;
- (c) a transfer of assets between or among the Issuer and its Subsidiaries;
- (d) any sale, lease, conveyance or other disposition of any assets of the Issuer or any of its Subsidiaries or property pledged as collateral by or to the Issuer or any of its Subsidiaries in the ordinary course of the Issuer's or, as the case may be, the relevant Subsidiary's business;
- (e) an issuance or other disposition of Capital Stock by a Subsidiary of the Issuer to the Issuer or to a Subsidiary of the Issuer;
- (f) the creation of a Security Interest;
- (g) a payment or other disposition that does not violate Condition 5(b) and Condition 5(e);
- (h) the sale or other disposition of assets received by the Issuer or any of its Subsidiaries in compromise or settlement of claims of the Issuer or any of its Subsidiaries and the write-off of any financial assets which, in accordance with the IFRS, are eligible for being treated as irrecoverable;
- (i) the sale, transfer or other disposition of any revenues or assets (or any part thereof) the subject of any securitisation of receivables, asset-backed financing or similar financing structure originated by the Issuer or any of its Subsidiaries whereby all payment obligations are to be discharged primarily from such assets or revenues, *provided that* the value of such assets or revenues, asset-backed financing, or similar financing structures, when aggregated with the value of all assets or revenues subject to a Security Interest permitted under paragraph (h) of the definition of "Permitted Security Interest", does not, at any time, exceed 25 per cent. of the Group's total loans and advances to customers before allowances for expected credit losses as calculated by reference to the most recent consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c); and
- (j) any sale or other disposition of non-core assets pursuant to, or in connection with, any decrees, resolutions or directive of the Government or the President of the Republic of Uzbekistan.

"**Auditors**" means the auditors for the time being of the Issuer or, if they are unable or unwilling promptly to carry out any action requested of them under these Conditions, such other firm of accountants of international standing as may be selected by the Issuer for the purpose and notified in writing to the Trustee;

"**Board of Directors**" means:

- (a) with respect to the Issuer, its Supervisory Council;
- (b) with respect to a joint stock company or a limited liability company, the board of directors or the supervisory board of the joint stock company, or the executive body of the limited liability company or any duly authorised committee thereof;
- (c) with respect to a partnership, the board of directors (or any duly authorised committee thereof) of the general partner of the partnership; and
- (d) with respect to any other Person, the board or committee of such Person serving a similar function;

"**business day**" means (except where expressly defined otherwise) a day which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and on which foreign exchange transactions may be carried on in U.S. Dollars in New York City;

"Capital Stock" means, with respect to any Person, any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any Preferred Stock of such Person, whether now outstanding or issued after the Issue Date, including without limitation, all series and classes of such Capital Stock but excluding any debt securities convertible into or exchangeable for such Capital Stock;

"CBU" means the Central Bank of Uzbekistan or such other authority which may replace it from time to time;

"CBU Capital Adequacy Ratio" means a ratio of the Issuer's CBU Regulatory Capital to the CBU Risk Weighted Assets calculated by reference to the Uzbek accounting standards;

"CBU Capital Regulation" means the Regulation of the Central Bank of Uzbekistan No. 14/3 dated 13 June 2015, as amended, supplemented or restated or superseded from time to time;

"CBU Leverage Ratio" means a ratio of the Issuer's CBU Tier 1 Capital to total assets and off-balance sheet instruments and derivative (financial) instruments less intangible assets and the sum of all investments in capital of unconsolidated economic entities, including debt obligations, which form capital of such economic entities and capital investments of other banks, calculated in accordance with the CBU Capital Regulation;

"CBU Regulatory Capital" means the regulatory capital (*regulyativ kapital*) as such term is defined in the CBU Capital Regulation;

"CBU Risk-Weighted Assets" means the aggregate of balance sheet assets and off-balance sheet engagements, weighted for credit and market risk in accordance with the CBU Capital Regulation;

"CBU Tier 1 Capital" means the Tier 1 Capital (*regulyativ kapital I darajali kapital*) as such term is defined in the CBU Capital Regulation;

"CBU Tier 1 Capital Adequacy Ratio" means a ratio of the Issuer's CBU Tier 1 Capital to the CBU Risk-Weighted Assets;

"Code" means the United States Internal Revenue Code of 1986, as amended;

"Consolidated Net Profit" means, for any period, the net profit of the Issuer and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS;

"control" shall have the meaning provided in the definition of "Affiliate" and "controlled" shall be construed accordingly;

"Deferred Capital Stock" means a dividend or distribution declared by the Issuer and which a shareholder of the Issuer has irrevocably instructed the Issuer to retain and apply towards consideration for any future Capital Stock to be issued by the Issuer to such shareholder;

"Fair Market Value" means the price that would be paid in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors of the Issuer or the relevant Subsidiary of the Issuer (unless otherwise provided in these Conditions) whose determination shall be conclusive;

"Group" means the Issuer and its consolidated Subsidiaries taken as a whole;

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

- (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such Person (whether arising by virtue of partnership arrangements, or by

agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

- (b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

The term "guarantee" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person guaranteeing any obligation.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under:

- (a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;
- (b) other agreements or arrangements designed to protect such Person against fluctuations in interest rates; and
- (c) any foreign currency futures contract, option or similar agreement or arrangement designed to protect such Person against fluctuations in foreign currency rates;

"IFRS" means International Financial Reporting Standards (formerly International Accounting Standards), issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

- (a) all indebtedness of such Person for borrowed money;
- (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) all Lease Obligations of such Person;
- (d) all indebtedness of other Persons guaranteed or indemnified by such Person, to the extent such indebtedness is guaranteed or indemnified by such Person;
- (e) to the extent not otherwise included in this definition, all Hedging Obligations of such Person, *provided, however, that* if and to the extent that netting is permitted by applicable laws (including the laws of the Republic of Uzbekistan), the amount of any such Hedging Obligations for the purposes of this paragraph (e) shall be equal at any time to the net payments under such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at the termination of such agreement or arrangement;
- (f) any amount raised by acceptance under any acceptance credit facility; and
- (g) any amount raised under any other transaction having the economic or commercial effect of a borrowing,

and the amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations, as described above, and with respect to contingent obligations, as described above, the maximum liability which would arise upon the occurrence of the contingency giving rise to the obligation;

"Issue Date" means 2 October 2024;

"Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability under any lease or hire purchase contract that would at that time be required to be treated as a balance sheet liability in accordance with IFRS;

"Material Adverse Effect" means a material adverse effect on (a) the financial condition or business of the Issuer or the Group, (b) the Issuer's ability to perform its obligations under the Trust Deed and the Notes or (c) the validity or enforceability of the Trust Deed and the Notes;

"Material Subsidiary" means any Subsidiary of the Issuer:

- (a) which, according to the most recent audited consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c) accounted for more than 10 per cent. of the profit before tax of the Group or which, according to the most recent audited consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c), was the owner of more than 10 per cent. of the consolidated total assets of the Group; or
- (b) to which are transferred substantially all of the assets and undertakings of a Subsidiary of the Issuer which immediately prior to such transfer was a Material Subsidiary (with effect from the date of such transaction).

The Issuer does not have any Material Subsidiaries as of the Issue Date;

"Officer's Certificate" means a certificate signed by an officer of the Issuer;

"Permitted Security Interest" means:

- (a) any Security Interest in existence on the Issue Date;
- (b) any Security Interests granted by any Subsidiary of the Issuer in favour of the Issuer or any Subsidiary of the Issuer;
- (c) any Security Interests imposed or required by statute, operation of law or any Government resolution;
- (d) any Security Interests securing Indebtedness of a Person existing at the time that such Person is merged into or consolidated with the Issuer or a Subsidiary of the Issuer or becomes a Subsidiary of the Issuer, *provided that* such Security Interests (i) were not created in contemplation of such merger or consolidation or event; and (ii) do not extend to any assets or property of the Issuer or any Subsidiary of the Issuer (other than those of the Person acquired and its Material Subsidiaries (if any));
- (e) any Security Interests already existing on assets or property acquired or to be acquired by the Issuer or a Subsidiary of the Issuer, *provided that* such Security Interests were not created in contemplation of such acquisition and do not extend to any other assets or property (other than the proceeds of such acquired assets or property);
- (f) any netting or set-off arrangement entered into by the Issuer or any of its Material Subsidiaries in the ordinary course of its banking business for the purpose of netting debit and credit balances;
- (g) Security Interests arising pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings or as security for costs and expenses in any such proceedings, so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;
- (h) any Security Interest upon, or with respect to, any present or future assets or revenues of the Issuer or any part thereof which is created pursuant to any securitisation of receivables, asset-backed financing or similar financing structure and whereby all payment obligations secured by such Security Interest or having the benefit of such Security Interest, are to be discharged solely from such assets or revenues, *provided that* the value of assets or revenues subject to such Security Interest when aggregated with the value of assets or revenues which are the subject of any securitisation of receivables, asset-backed financing or similar financing structure permitted pursuant to Condition 5(e), does not, at any such time, exceed 25 per cent. of the Group's total loans and advances to customers before allowances for expected credit

losses as calculated by reference to the most recent consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c);

- (i) any Security Interest granted upon or with regard to any property hereafter acquired by the Issuer or any Subsidiary to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition (other than a Security Interest created in contemplation of such acquisition), *provided that* the maximum amount of Indebtedness thereafter secured by such Security Interest does not exceed the purchase price of such property (including transactional expenses) or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;
- (j) any Security Interest arising in the ordinary course of banking business including without limitation: Security Interests pursuant to any agreement (or other applicable terms and conditions) which is standard or customary in the relevant market (and not for the purpose of raising credit or funds for the operation of the Issuer or any Subsidiary of the Issuer), in connection with (x) contracts entered into substantially simultaneously for sales and purchases at market prices of securities or precious metals (y) the establishment of margin deposits and similar securities in connection with trading in securities or precious metals or (z) the Issuer's foreign exchange dealings or other proprietary trading activities including, without limitation in the case of (x), (y) and (z), Repos;
- (k) any Security Interest in respect of Hedging Obligations entered into for non-speculative purposes;
- (l) any Security Interest on property acquired (or deemed to be acquired) under a Lease Obligation, or claims arising from the use or damage to such property, *provided that* any such encumbrance secures only rentals and other amounts payable under such lease;
- (m) Security Interests arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by a Security Interest permitted by any of the above exceptions, *provided that* the Indebtedness thereafter secured by such Security Interest does not exceed the amount of the original Indebtedness and such Security Interest is not extended to cover any property not previously subject to such Security Interest;
- (n) any Security Interests arising in relation to any Project Finance Debt;
- (i) easement, right of way, restriction (including zoning restriction), reservation, permit, servitude, minor defect or irregularity in title and other similar charge or encumbrance, and any Security Interest arising under leases or subleases granted to others, in each case not interfering in any material respect with the business of the Issuer or any of the Material Subsidiaries and existing, arising or incurred in the ordinary course of business; and
- (o) any Security Interests not otherwise permitted by the preceding paragraphs (a) through (n)(i), *provided that* the aggregate principal amount of the Indebtedness secured by such Security Interests does not at any time exceed 15 per cent. of the Group's consolidated total assets as published in the most recent consolidated financial statements of the Issuer delivered to the Trustee pursuant to Condition 5(c);

"Person" means any individual, corporation, company, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or other entity;

"Potential Event of Default" means an event or circumstance which, with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10, would constitute an Event of Default;

"Preferred Stock", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as

to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person;

"Project Finance Debt" means any Indebtedness incurred in relation to any asset solely for purposes of financing the whole or any part of the acquisition, creation, construction, improvement or development of such asset where the financial institutions to which such indebtedness is owed have recourse solely to the applicable project borrower (where such project borrower is formed solely or principally for the purpose of the relevant project) and/or to such asset (or any derivative asset thereof) or any other similar non-recourse Indebtedness which is properly regarded as project finance debt;

"Repo" means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities borrowing agreement or any agreement relating to securities which is similar in effect to any of the foregoing and for purposes of this definition, the term "securities" means any Capital Stock, share, debenture or other debt or equity instrument, or derivative thereof, whether issued by any private or public company, any government or Agency or instrumentality thereof or any supranational, international or multilateral organisation.

"Restricted Payment" with respect to the Issuer or any of its Subsidiaries means:

- (a) the declaration or payment of any dividends or any other distributions of any sort in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving such Person) or similar payment to the direct or indirect holders of its Capital Stock (other than (A) dividends or distributions payable solely in its Capital Stock, Deferred Capital Stock or in options, warrants or other rights to purchase such stock, (B) dividends or distributions payable solely to the Issuer or a Wholly-Owned Subsidiary of the Issuer and (C) *pro rata* dividends or other distributions made by a Subsidiary of the Issuer that is not a Wholly-Owned Subsidiary of the Issuer to minority stockholders (or owners of an equivalent interest in the case of a Subsidiary that is an entity other than a corporation));
- (b) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Capital Stock of the Issuer held by any Person (other than by a Subsidiary) or of any Capital Stock of a Subsidiary of the Issuer held by any Affiliate of the Issuer (other than by a member of the Group), including in connection with any merger or consolidation and including the exercise of any option to exchange any Capital Stock (other than into Capital Stock of the Issuer that is not Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of Indebtedness of such Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Maturity Date); or
- (c) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity or scheduled repayment of any Subordinated Obligations of the Issuer or any Subsidiary of the Issuer (except for the repayment of inter-company debt owed by any member of the Group to any other member of the Group from time to time);

"Stock Exchange" means the London Stock Exchange plc;

"Subordinated Obligations" means, with respect to any Person, any Indebtedness of such Person (whether outstanding on the Issue Date or thereafter incurred) which is subordinate or junior in right of payment to the Notes pursuant to a written agreement to that effect;

"Subsidiary" means, with respect to any specified Person:

- (a) in the case of a corporation, of which more than 50 per cent. of the total voting power of share capital is held by such first-named Person and/or any of its Subsidiaries and such first-named Person or any of its Subsidiaries has the power to direct the management, policies and affairs thereof;

- (b) in the case of a partnership, joint venture, association, or other business or entity, with respect to which such first-named Person or any of its Subsidiaries has the power, by contract or otherwise, to direct or cause the direction of the management, policies and affairs of such entity if (in each case) in accordance with the applicable Accounting Principles, as consistently applied, such entity would be consolidated with the first-named Person for financial statement purposes; or
- (c) any limited partnership of which such Person or any Affiliate of such Person is a general partner;

"**taxes**" means any taxes, levies, duties, imports or other charges or withholding of a similar nature no matter where arising (including interest and penalties thereon and additions thereto);

"**UZS**" and "**Soum**" denotes the lawful currency for the time being of the Republic of Uzbekistan;

"**U.S. Dollars**", "**dollars**" or the sign "\$" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts;

"**U.S. Dollar Equivalent**" means with respect to any amount denominated in a currency other than U.S. Dollars, at any time for the determination thereof, the amount of U.S. Dollars obtained by converting such other currency involved into U.S. Dollars at the spot rate for the purchase of U.S. Dollars with the applicable foreign currency as quoted by Reuters at approximately 11:00 am (New York time) on the date not more than two Business Days prior to the date of determination;

"**Wholly-Owned Subsidiary**" of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

SUMMARY OF THE PROVISIONS RELATING TO THE NOTES WHEN IN GLOBAL FORM

The Notes will be evidenced on issue by (i) in the case of Regulation S Notes, a Regulation S Global Note and (ii) in the case of Rule 144A Notes, a Rule 144A Global Note each deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg.

Beneficial interests in the Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*—Book-entry Procedures for the Global Notes*". By acquisition of a beneficial interest in the Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that if it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes (a) to be purchasing outside of the United States in accordance with Regulation S or (b) to be a person who takes delivery in the form of an interest in a Rule 144A Global Note (if applicable). See "*Transfer Restrictions*".

Beneficial interests in the Rule 144A Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*—Book-entry Procedures for the Global Notes*". By acquisition of a beneficial interest in the Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the agency agreement. See "*Transfer Restrictions*".

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the Paying Agency Agreement and the Global Notes will bear applicable legends regarding such restrictions set forth under "*Transfer Restrictions*". A beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note and only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) from the transferor to the effect that the transfer is being made in accordance with Regulation S.

Save in the case of the issue of replacement Notes pursuant to Condition 12, the Issuer, the Transfer Agents and the Registrar shall make no charge to the holders for the registration of any holding of Notes or any transfer thereof or for the issue of any Notes or for the delivery thereof at the specified office of a Transfer Agent or the Registrar or by uninsured post to the address specified by the holder, but such registration, transfer, issue or delivery shall be effected against such indemnity from the holder or the transferee thereof as the Registrar or the relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such registration, transfer, issue or delivery. Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Note certificates in definitive form (the "**Definitive Notes**"). The Notes are not issuable in bearer form.

Amendments to Conditions

Each Global Note contains provisions that apply to the Notes that it represents, some of which modify the effect of the above Conditions. The following is a summary of those provisions:

Payments

Payments of principal and interest in respect of Notes evidenced by a Global Note will be made to the person who appears on the register of Noteholders at the close of business on the Record Date as holder of the relevant Global Note against presentation and (if no further payment falls to be made in respect of the relevant Notes) surrender of such Global Note to or to the order of the Principal Paying Agent (or to or to the order of such other Paying Agent as shall have been notified to the Noteholders for this purpose), which shall endorse such payment or cause such payment to be endorsed in the appropriate schedule to such Global Note (such endorsement being prima facie evidence that the payment in question has been made). Interest in respect of the Notes represented

by a Global Note will be paid from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by such Global Note, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

Notices

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication to entitled account holders rather than in the manner specified in the Conditions and shall be deemed to be given to holders of interests in such Global Note with the same effect as if they had been given to such Noteholder in accordance with the Conditions; *provided, however, that* as long as the Notes are listed on the London Stock Exchange, all notices will also be given in accordance with the rules of the London Stock Exchange. Any such notice will be deemed to have been given on the day the same has been delivered to the relevant clearing systems.

Record Date

Notwithstanding Condition 8(a)(ii), "Record Date" shall mean the Clearing System Business Day before the relevant due date for payment, where "Clearing System Business Day" means Monday to Friday inclusive, except 25 December and 1 January.

Meetings

The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of each Note for which such Global Note may be exchangeable.

Trustee's Powers

Notwithstanding anything contained in the Trust Deed, in considering the interests of Noteholders while a Global Note is held on behalf of a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests, and treat such accountholders, as if such accountholders were the holders of such Global Note.

Issuer's Option

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, any option of the Issuer provided for in the Conditions shall be exercised by the Issuer giving notice to the Noteholders and the relevant clearing systems (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and, accordingly, no drawing of Notes shall be required and instead the Notes to be redeemed shall be selected (i) in the case of the Regulation S Global Note, in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg or (ii) in the case of the Rule 144A Global Note, on a *pro rata* pass-through distribution of principal basis.

Noteholder's Option

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, the exercise of the option of Noteholders provided for in Condition 7(g) will be subject to the normal rules and operating procedures of such clearing system.

Electronic Consent and Written Resolution

While a Global Note is registered in the name of any nominee for a clearing system, then:

- (a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting in respect of which the special quorum provisions specified in the Notes apply, take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Exchange for Definitive Notes

Exchange

Each Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for Notes in definitive, registered form if Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrar or any Transfer Agent.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Notes for a period of 15 calendar days ending on the date for any payment of principal or interest or on the date of optional redemption in respect of the Notes.

"**Exchange Date**" means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent is located.

Delivery

In such circumstances, the relevant Global Note shall be exchanged in full for Definitive Notes and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or the Transfer Agent may require in

respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Notes and (b) in the case of a Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Definitive Notes issued in exchange for a beneficial interest in a Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

Legends

The holder of a Definitive Note may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or the Transfer Agent, together with the completed form of transfer thereon.

Euroclear and Clearstream, Luxembourg

The Regulation S Global Note will have an ISIN and Common Code. The Regulation S Global Note will be deposited with a common depository for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of such common depository. The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in the Regulation S Global Note directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**") through organisations that are accountholders therein.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note evidenced by a Global Note must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depository by whom such note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or holders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in a Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by a Global Note and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of each amount so paid. None of the Issuer, the Trustee or any Agent

will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes unless and until interests in the relevant Global Note held within a clearing system are exchanged for Definitive Notes.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

TRANSFER RESTRICTIONS

Rule 144A Bonds

Each purchaser of the bonds in the United States will be deemed to represent, acknowledge and agree as follows:

1. It is (i) a QIB, (ii) acquiring such Notes for its own account or for the account of a QIB, and (iii) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.
2. It understands that the Notes have not been and will not be registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.
3. It understands that the Rule 144A Global Notes, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

4. It understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Note and that the Notes offered and sold outside of the United States in reliance on Regulation S will be represented by the Regulation S Global Note. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
5. The Issuer, the Registrar, the Transfer Agent, the Joint Bookrunners and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. It agrees that if any of the acknowledgments, representations or agreements deemed to have been made by it by virtue of its purchase of the Notes is no longer accurate, it shall promptly notify the Issuer, the Registrar, the Transfer Agent and the Joint Bookrunners. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

TAXATION

Prospective purchasers of the Notes are advised to consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident of a purchase of Notes, including, but not limited to, the consequences of the receipt of interest and the sale or redemption of Notes. The following is a general description of Uzbekistan withholding tax laws and certain United States tax consequences relating to the Notes as in effect on the date hereof, and does not purport to be a comprehensive discussion of the tax treatment of the Notes.

Withholding Tax in Uzbekistan

Pursuant to the Tax Code of the Republic of Uzbekistan effective as at 1 January 2020 ("**Tax Code**"), any income, including interest received from the international bonds issued by an Uzbek legal entity and made to a non-resident or resident legal entity is not subject to Uzbekistan taxation. Any income, including interest, of an individual holder received from the international bonds issued by an Uzbek legal entity will not be subject to Uzbekistan personal income tax.

Certain U.S. Federal Income Tax Considerations

The following summary describes certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes by a U.S. Holder (as defined below), other than the discussion under "*Additional Notes and Fungibility*", which applies to all holders, that acquires the Notes as part of the offering at a price equal to the issue price of the Notes and holds them as a capital asset (generally, property held for investment). The following summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury regulations thereunder, and judicial and administrative interpretations thereof, all as in effect as at the date hereof and any of which may at any time be repealed, revoked or modified or subject to differing interpretations, potentially retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. There can be no assurances that the Internal Revenue Service (the "**IRS**") will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. tax consequences of purchasing, owning or disposing of the Notes.

This summary does not address all aspects of U.S. federal income taxation that may be applicable to particular U.S. Holders subject to special U.S. federal income tax rules, including, but not limited to, tax-exempt organisations, financial institutions, dealers and traders in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, real estate investment trusts, insurance companies, tax-deferred or other retirement accounts, U.S. Holders that will hold the Notes as part of a "straddle," hedging transaction, "conversion transaction" or other integrated transaction for U.S. federal income tax purposes, U.S. Holders that enter into "constructive sale" transactions with respect to the Notes, U.S. Holders liable for alternative minimum tax or the tax on net investment income, U.S. Holders whose functional currency is not the U.S. dollar, investors holding the Notes in connection with a trade or business conducted outside the United States, U.S. Holders required to include certain amounts in income no later than the time such amounts are reflected on their financial statements, and U.S. expatriates or certain former citizens or long-term residents of the United States. In addition this summary does not address consequences to U.S. Holders of the acquisition, ownership or disposition of the Notes under any other U.S. federal tax laws (including, but not limited to, estate or gift tax laws) or under the tax laws of any state, locality or other political subdivision of the United States or of other countries or jurisdictions. This summary does not address U.S. tax consequences to persons other than U.S. Holders of the acquisition, ownership or disposition of Notes.

The summary of the U.S. federal income tax consequences set out below is for general information only and is not tax advice with respect to any specific investor. Prospective investors should consult their own tax advisers as to the particular tax consequences to them of the acquisition, ownership and disposition of the Notes, including the applicability and effect of state, local, non-U.S. and other tax laws and possible changes in tax law.

As used herein, the term "**U.S. Holder**" means a beneficial owner of the Notes that is for U.S. federal income tax purposes: (a) an individual who is a citizen or resident of the United States, (b) a corporation (or other entity or arrangement that is treated as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust if it (x) is subject to the

primary supervision of a U.S. court and one or more U.S. persons have the authority to control all substantial decisions of the trust or (y) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Notes, the U.S. federal income tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Therefore, a beneficial owner of a Note that is a partnership, and partners in such partnership, should consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes.

U.S. HOLDERS CONSIDERING THE PURCHASE OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE PARTICULAR UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, AS WELL AS THE CONSEQUENCES ARISING UNDER OTHER UNITED STATES FEDERAL TAX LAWS AND THE LAWS OF ANY OTHER TAXING JURISDICTION.

U.S. Federal Income Tax Characterisation of the Notes

To the extent relevant for U.S. federal income tax purposes, the Issuer intends to treat the Notes as indebtedness for these purposes consistent with their form. This characterisation is binding on all U.S. Holders unless the U.S. Holder discloses on its U.S. federal income tax return that it is treating the Notes in a manner inconsistent with the Issuer's characterisation. No ruling will be requested from the IRS as to the characterisation of the Notes for these purposes, and no assurance can be given that the IRS will not assert, or that a court would not sustain, a position regarding the characterisation of the Notes that is contrary to the Issuer's characterisation, in which case the tax consequences to a holder of the Notes may be materially different.

The Notes (i) may be redeemable at the option of the Issuer prior to their stated maturity at their principal amount, plus accrued and unpaid interest to the date of repurchase and, in some situations, at a redemption premium (as described further under "*Terms and Conditions of the Notes—Condition 7(b) (Redemption for tax reasons)*") and/or (ii) may be repayable at the option of the Noteholder prior to their stated maturity at a price equal to 100.0 per cent. of their principal amount, plus accrued and unpaid interest to the date of repurchase (as described further under "*Terms and Conditions of the Notes – Condition 7(e) (Redemption at the Option of Noteholders upon a Change of Control)*"). Notes containing such features may be subject to special rules related to contingent payment debt instruments that differ from the general rules discussed above. While the Issuer intends to take the position that the Notes should not be treated as contingent payment debt instruments, U.S. Holders intending to purchase Notes with such features should consult their own tax advisers regarding the possible application of the special rules related to contingent payment debt instruments.

Payments of Interest

The Notes are expected to, and this discussion generally assumes that the Notes will, be issued without original issue discount ("**OID**"). In such case, payments of interest on the Notes (and payments of any additional amounts) generally will be taxable to a U.S. Holder as ordinary income at the time such payments are received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes. Interest paid by the Issuer on the Notes will generally constitute income from sources outside the United States and will generally be considered passive category income, subject to the rules regarding the U.S. foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). The amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment. An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average U.S. dollar-UZS exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the accrual basis U.S. Holder may elect to determine the amount of income accrued on the basis of the U.S. dollar-UZS exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the U.S. dollar-UZS exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies

or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS. Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note), the accrual basis U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Should any non-U.S. tax be withheld on a payment of interest, the amount withheld and the gross amount of any additional amounts paid to a U.S. Holder (see "*Terms and Conditions of the Notes – Condition 8 (Taxation)*") will be included in such holder's income as ordinary income at the time such amount is received or accrued in accordance with such holder's method of tax accounting. Non-U.S. withholding tax, if any, imposed on a U.S. Holder may, subject to limitations and conditions and at the election of such holder, be treated as foreign income tax eligible for credit against such holder's U.S. federal income tax liability or a deduction in computing taxable income, to the extent such tax is not otherwise refundable. The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. Holder's particular circumstances. U.S. Holders should consult their tax advisors regarding the availability of foreign tax credits.

If the Notes were issued with OID, the OID with respect to a Note would be equal to the excess of the Note's stated redemption price at maturity over its issue price. A Note's stated redemption price at maturity is the sum of all payments provided by the terms of the Note, other than qualified stated interest. Qualified stated interest generally is stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate. The issue price of a Note is the first price at which a substantial amount of the Notes is sold for money to investors, excluding sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriter, placement agent or wholesaler. A holder of a Note generally will be subject to special tax accounting rules for OID obligations under the Code and applicable U.S. Treasury regulations. Regardless of whether a U.S. Holder uses the cash or accrual method of tax accounting, the U.S. Holder generally would be required to include OID in ordinary income for U.S. federal income tax purposes as it accrued, calculated using a "constant-yield" method, even if the holder had not yet received the cash attributable to that income. U.S. Holders should consult their own tax advisers regarding the potential application of the OID rules to the Notes. OID for each accrual period will be determined in UZS and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or disposition of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Sale, Exchange, Redemption, Retirement, or Other Taxable Disposition of the Notes

Upon the sale, exchange, redemption, retirement or other taxable disposition of the Notes, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised (i.e., the amount of cash and the fair market value of any property received on the disposition (except to the extent the cash or property received is attributable to accrued and unpaid interest not previously included in income, which will be taxable as ordinary income as described above under "Payments of interest" to the extent not previously included in income)) and the U.S. Holder's adjusted tax basis in the Note, in each case as determined in U.S. dollars. U.S. Holders should consult their own tax advisers about how to account for proceeds received on the sale or retirement of the Notes that are not paid in U.S. dollars. A U.S. Holder's adjusted tax basis in the Notes generally will equal the cost for the Notes reduced by the amount of any payments received by U.S. Holders other than payments of qualified stated interest, in each case as determined in U.S. dollars. U.S. Holders should consult their own tax advisers about how to determine the U.S. dollar cost of the Notes in their particular circumstances. Except to the extent described below with respect to U.S. source exchange gain or loss, gain or loss recognised by a U.S. Holder on the sale, exchange or other disposition of the Notes will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. Gain or loss realised by a U.S. Holder on the sale or retirement of the Notes generally will be U.S. source. Net long-term capital gain recognised by a non-corporate U.S. Holder generally is eligible for reduced U.S. federal income tax rates. A U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) on the sale, retirement or other disposition of a Note equal to the difference, if any, between the U.S.

dollar values of the U.S. Holder's purchase price for the Note (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest). The rules governing foreign currency denominated debt instruments are complex, and U.S. Holders should consult their own advisors regarding the application of those rules to their investment in the Notes in their particular circumstances. The deductibility of capital losses is subject to limitations. U.S. Holders should consult their tax advisors regarding the foreign tax credit implications of the sale or retirement of the Notes.

Substitution of the Issuer

If a successor is substituted for the Issuer, the substitution may, depending on the circumstances, be treated as an exchange of the Notes for deemed new notes of the successor. In such an event, unless a non-recognition provision applies, a U.S. Holder generally will recognise any gain or loss realised in the deemed exchange in an amount equal to the difference, if any, between (i) the issue price of the new notes (which would be their fair market value assuming the Notes are trading on an established market) and (ii) the U.S. Holder's adjusted tax basis in the Notes. If the stated principal amount of the new notes received in the deemed exchange exceeds their issue price, a U.S. Holder may be required to recognise OID as ordinary income on the new notes as a result of the substitution. The OID would be the amount by which the stated principal amount of the new notes exceeds their issue price. Regardless of its regular method of tax accounting, a U.S. Holder would be required to accrue any OID as ordinary income on a constant yield to maturity basis whether or not it received cash payments, unless the amount of OID was less than 0.25 per cent. of the issue price multiplied by the number of complete years to maturity from the time of the substitution, in which case such "de minimis OID" generally would result in capital gain upon the sale or retirement of the Notes. U.S. Holders should consult their tax advisers regarding the foregoing.

Specified Foreign Financial Asset Reporting

Certain United States persons that own "specified foreign financial assets", including securities issued by any foreign person, either directly or indirectly or through certain foreign financial institutions, may be subject to additional reporting obligations if the aggregate value of all of those assets exceeds certain thresholds. The reporting requirement applies to individuals and certain domestic entities that hold, directly or indirectly, specified foreign financial assets. The Notes may be treated as specified foreign financial assets, and U.S. Holders may be subject to this information reporting regime. Significant penalties and an extended statute of limitations may apply to a U.S. Holder subject to the reporting requirement that fails to file information reports. U.S. Holders should consult their own tax advisor regarding this information reporting obligation.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes or any UZS used to acquire the Notes (or received with respect to the Notes) as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases generally is imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Information Reporting and Backup Withholding

In general, payments of principal and interest on, and the proceeds of the sale, exchange or other taxable disposition of, the Notes payable to a U.S. Holder by a U.S. paying agent or other U.S. related intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable Treasury regulations. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status, or otherwise fails to comply with the applicable backup withholding requirements. Certain U.S. Holders (including corporations) are not subject to information reporting and backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding imposed on

a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S. Holder and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisers regarding any filing and reporting obligations they may have as a result of their acquisition, ownership or disposition of the Notes.

Additional Notes (as defined below) and Fungibility

The Issuer may issue additional notes ("**Additional Notes**") as described under "*Terms and Conditions of the Notes – Condition 16 (Further Issues)*". These Additional Notes, even if they are treated for non-tax purposes as part of the same series as the Notes in some cases may be treated as a separate series for U.S. federal income tax purposes. In such case, the Additional Notes may be considered to have OID, or a greater amount of OID, which may adversely affect the market value of the Notes if the Additional Notes are not otherwise distinguishable from the Notes.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, ICBC Standard Bank Plc, Mashreqbank psc, MUFG Securities EMEA plc, Société Générale and Standard Chartered Bank (together, the "**Joint Bookrunners**") have, pursuant to a Subscription Agreement dated 30 September 2024 (the "**Subscription Agreement**"), severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the principal amount of Notes set out opposite its name in the table below at the issue price of 100.00 per cent. of the principal amount of Notes:

Joint Bookrunner	Principal Amount of Notes (UZS)
Citigroup Global Markets Limited	UZS116,660,000,000
ICBC Standard Bank Plc	UZS116,660,000,000
Mashreqbank psc	UZS116,660,000,000
MUFG Securities EMEA plc	UZS116,660,000,000
Société Générale.....	UZS116,700,000,000
Standard Chartered Bank.....	UZS116,660,000,000

The Issuer has agreed to pay to the Joint Bookrunners a management, underwriting and selling commission in respect of the Notes. The Subscription Agreement entitles the Joint Bookrunners to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has in the Subscription Agreement agreed to indemnify the Joint Bookrunners against certain liabilities incurred in connection with the issue of the Notes.

Each of the Joint Bookrunners and its respective affiliates may, from time to time in the ordinary course of their respective businesses, engage in further transactions with, and perform services for, the Issuer and its affiliates. In particular, the Joint Bookrunners and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non public market financing for, and enter into derivative transactions with, the Issuer or its affiliates (including their respective shareholders) and for which they will receive customary fees.

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in reliance on Regulation S. The Subscription Agreement provides that Joint Bookrunners may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

ICBC Standard Bank Plc is restricted in its U.S. securities dealings under the United States Bank Holding Company Act and may not underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that are offered or sold in the United States. Accordingly, ICBC Standard Bank Plc shall not be obligated to, and shall not, underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that may be offered or sold by other underwriters in the United States. ICBC Standard Bank Plc shall offer and sell the Notes constituting part of its allotment solely outside the United States.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Joint Bookrunner has severally represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other Regulatory Restrictions

Each Joint Bookrunner has severally represented, warranted and agreed that:

- (a) **Financial promotion:** it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner has severally represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For these purposes the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Republic of Uzbekistan

Each Joint Bookrunner has severally represented, warranted and undertaken with the Issuer and each other Joint Bookrunner that it has not offered and will not offer the Notes for circulation, distribution, placement, sale or purchase in the territory of the Republic of Uzbekistan.

Singapore

Each Joint Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has severally represented, warranted and undertaken with the Issuer that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

General

Neither the Issuer nor any Joint Bookrunner has made any representation that any action has been or will be taken in any jurisdiction by the Joint Bookrunners or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Bookrunner has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

INDEPENDENT AUDITORS

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

The 2023 Annual Financial Statements included in this Prospectus have been audited by PwC, independent auditors, as stated in their audit report appearing herein. PwC has issued an unqualified independent auditor's report on the 2023 Annual Financial Statements.

The 2022 Financial Statements included in this Prospectus have been audited by Deloitte, independent auditors, as stated in their audit report appearing herein.

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

Deloitte is included in the Register of audit organisations of the Ministry of Economy and Finance from 8 June 2021.

GENERAL INFORMATION

- (1) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the Market will be granted on or around 2 October 2024, subject only to the issue of the Global Notes. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the second working day after the day of the transaction. The expenses related to the admission to trading of the Notes are expected to be approximately £5,000.
 - (2) The issue of the Notes was authorised by resolution no. 9 of the Supervisory Council of the Issuer passed on 6 September 2024 and resolution no. 119/1 of the Management Board of the Issuer passed on 4 September 2024.
 - (3) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg.
 - (4) The indication of yield in relation to the Notes is 21.75 per cent. per annum. This yield is calculated at the Closing Date on the basis of the Issue Price. It is not an indication of future yield.
 - (5) The ISIN of the Regulation S Global Note is XS2903443369 and the Common Code of the Regulation S Global Note is 290344336. The ISIN of the Rule 144A Global Note is XS2906222638, the Common Code of the Rule 144A Global Note is 290622263.
 - (6) The Legal Entity Identifier of the Issuer is 254900JPMU0LFCP18673.
 - (7) There has been no material adverse change in the prospects of the Issuer since 31 December 2023 and no significant change in the financial performance and the financial position of the Issuer or the Group since 30 June 2024 and to the date of this Prospectus.
 - (8) As at the date of this Prospectus, there are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer or the Group.
 - (9) For so long as any Notes are outstanding, copies of the following will be available for inspection on the Issuer's website (<https://agrobank.uz/en>):
 - a copy of this Prospectus along with any supplement to this Prospectus;
 - the charter documents of the Issuer; and
 - the Financial Statements, including the related independent auditor's report and review report in respect thereof.
 - (10) For so long as any Notes are outstanding, copies of the following will be available for inspection, and may be obtained free of charge, during normal business hours on any weekday, (i) at the specified office of the Principal Paying Agent in London or (ii) electronically from the Issuer or the Principal Paying Agent:
 - the Trust Deed to be entered into with the Trustee; and
 - the Paying Agency Agreement to be entered into with the paying agents and the Trustee.
- This Prospectus will also be published on the website of the Regulatory News Service operated by the London Stock Exchange at <https://www.londonstockexchange.com/news?tab=news-explorer>.
- (11) No natural or legal person has an interest that is material to the issue of the Notes.

- (12) The Issuer has obtained all necessary consents, approvals and authorisations in Uzbekistan in connection with its entry into, and performance of its obligations under, the Trust Deed and the Agency Agreement.
- (13) There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders under the Notes.
- (14) Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.
- (15) The auditor of the Issuer is PwC who have audited the 2023 Financial Statements and have reviewed the Interim Financial Statements. Deloitte have audited the 2022 Financial Statements. See "*Independent Auditors.*"
- (16) The language of this Prospectus is English.
- (17) The Issuer does not intend to provide any post-issuance transaction information regarding the Notes.
- (18) The Bank of New York Mellon SA/NV, Dublin Branch will act as Registrar in relation to the Notes.
- (20) There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of the Issuer towards the Issuer and their private interests and/or other duties.
- (21) The Joint Bookrunners and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with and may perform services of the Issuer in the ordinary course of business. In the ordinary course of their business activities, the Joint Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer.

INDEX TO FINANCIAL STATEMENTS

Unaudited Condensed Consolidated Interim Financial Information for the six-month period ended 30 June 2024	F-2
Report on Review of Condensed Consolidated Interim Financial Information	F-4
Condensed Consolidated Interim Statement of Financial Position	F-5
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income....	F-6
Condensed Consolidated Interim Statement of Changes in Equity	F-7
Condensed Consolidated Interim Statement of Cash Flows.....	F-8
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information	F-9
Consolidated Financial Statements for the year ended 31 December 2023	F-50
Independent Auditors' Report.....	F-52
Consolidated Statements of Financial Position	F-59
Consolidated Statements of Profit or Loss and Other Comprehensive Income.....	F-60
Consolidated Statements of Changes in Equity	F-61
Consolidated Statements of Cash Flows.....	F-62
Notes to the Consolidated Financial Statements	F-63
Consolidated Financial Statements for the year ended 31 December 2022	F-112
Independent Auditors' Report.....	F-115
Consolidated Statements of Financial Position	F-120
Consolidated Statements of Profit or Loss and Other Comprehensive Income.....	F-121
Consolidated Statements of Changes in Equity	F-122
Consolidated Statements of Cash Flows.....	F-123
Notes to the Consolidated Financial Statements	F-125

**JOINT STOCK COMMERCIAL BANK
"AGROBANK" AND ITS SUBSIDIARIES**



Agrobank

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

30 June 2024

Independent Auditor's Review Report

Condensed consolidated interim financial information

Condensed Consolidated Interim Statement of Financial Position	2
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Interim Statement of Changes in Equity	4
Condensed Consolidated Interim Statement of Cash Flows	5

Notes to the Condensed Consolidated Interim Financial information:

1. Organisation	6
2. Operating environment of the Group	7
3. Basis of preparation	7
4. Application of new and revised Standards	7
5. Segment reporting	8
6. Cash and cash equivalents	11
7. Due from other banks	12
8. Loans and advances to customers, including finance lease receivables	13
9. Investment securities	19
10. Property, equipment and intangible assets	20
11. Other assets	21
12. Due to other banks	21
13. Customer accounts	22
14. Debt securities issued	23
15. Other borrowed funds	23
16. Other Liability	25
17. Subordinated debt	25
18. Share capital	26
19. Reconciliation of liabilities arising from financing activities	27
20. Interest income and expense	27
21. Fee and commission income and expense	28
22. Other operating income	28
23. Administrative and other operating expenses	29
24. Income taxes	29
25. Earnings per share	29
26. Financial risk management	30
27. Management of capital	38
28. Contingencies and commitments	39
29. Fair value of financial instruments	40
30. Related party transactions	44
31. Subsequent events	45
32. Abbreviations	46



Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders and Supervisory Board of Joint-Stock Commercial Bank "Agrobank":

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Joint-Stock Commercial Bank "Agrobank" 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

11 September 2024


Joint Stock Commercial Bank "Agrobank",
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	6,29	5,210,362	4,910,499
Due from other banks	7,29	144,202	168,829
Loans and advances to customers, including finance lease receivables	8,29	65,056,278	57,491,499
Investments in debt securities	9,29	347,885	231,888
Investments in equity securities	9,29	188,163	120,384
Investment in associates		36,485	38,306
Deferred income tax assets		256,047	256,302
Property, equipment and intangible assets	10	2,871,343	2,826,709
Right-of-use assets		15,278	11,031
Other assets	11,29	756,646	609,937
Current income tax prepayment		92,960	8,634
TOTAL ASSETS		74,975,649	66,674,018
LIABILITIES			
Due to other banks	12,29	7,107,716	5,806,959
Customer accounts	13,29	17,705,472	16,030,043
Debt securities issued	14,29	285,001	160,001
Other borrowed funds	15,29	37,651,258	32,633,559
Lease liabilities		16,378	12,061
Other liabilities	16	312,761	288,499
Subordinated debt	17,29	256,922	251,705
TOTAL LIABILITIES		63,335,508	55,182,827
EQUITY			
Share capital	18	10,795,237	8,929,005
Additional paid-in capital	18	-	1,866,232
Share premium	18	1,412	1,412
Treasury shares	18	(115)	(115)
Revaluation reserve for investment securities		27,602	25,928
Retained earnings		812,292	661,085
Equity attributable to owners of the Bank		11,636,428	11,483,547
Non-controlling interest		3,713	7,644
TOTAL EQUITY		11,640,141	11,491,191
TOTAL LIABILITY AND EQUITY		74,975,649	66,674,018

Approved for issue and signed on behalf of Management Board on 11 September 2024.


Mamatkulov R.U.
Chairman of the Board



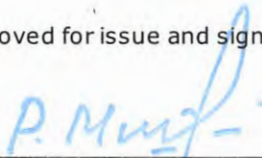

Yuldoshov A.O.
Chief Accountant

The notes on pages 6-46 form an integral part of these consolidated financial statements.


Joint Stock Commercial Bank "Agrobank",
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 <i>(unaudited)</i>	Six months ended 30 June 2023 <i>(unaudited)</i>
Interest income calculated using the effective interest method	20,30	4,408,004	3,787,075
Other similar income	20,30	146,271	70,887
Interest expense	20,30	(3,030,902)	(2,278,990)
Net margin on interest and similar income	20	1,523,373	1,578,972
Provision for expected credit losses	8	(375,201)	(717,166)
Net margin on interest and similar income after credit loss allowance		1,148,172	861,806
Fee and commission income	21,30	385,107	340,451
Fee and commission expense	21,30	(154,132)	(145,187)
Loss on initial recognition on interest bearing assets		(4,161)	(10,012)
<i>Net gains /(losses) from foreign currencies:</i>			
- dealing transactions	21	96,504	432,087
- translation differences		(15,343)	(21,975)
Dividend income		335	452
Other operating income	22	106,403	39,125
Provision for impairment on other non-financial assets		(5,395)	(5,335)
Provision for expected credit losses on other financial assets and credit related commitments		(9,917)	(96,792)
Administrative and other operating expenses	23	(1,355,530)	(1,060,199)
Profit before tax		192,043	334,421
Income tax expense	24	(44,768)	(182,221)
NET PROFIT FOR THE PERIOD		147,275	152,200
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
- Net gain arising from revaluation of equity securities		2,093	35,116
- Income tax recorded directly in other comprehensive income		(419)	(7,023)
Other comprehensive income for the period		1,674	28,093
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		148,949	180,293
Profit is attributable to:			
-Owners of the Bank		151,207	159,338
-Non-controlling interest		(3,932)	(7,138)
Net profit for the period		147,275	152,200
Total comprehensive income is attributable to:			
- Owners of the Bank		152,881	187,431
- Non-controlling interest		(3,932)	(7,138)
Total comprehensive income for the period		148,949	180,293
Earnings per ordinary share for profit attributable to the owners of the Bank, basic and diluted in UZS	25	17	22

Approved for issue and signed on behalf of Management Board on 11 September 2024.


Mamatkulov R.U.
Chairman of the Board




Yuldoshov A.O.
Chief Accountant

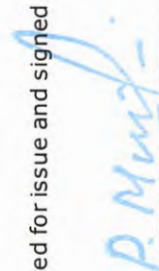
The notes on pages 6-46 form an integral part of these consolidated financial statements.


**Joint Stock Commercial Bank "Agrobank"
Condensed Consolidated Interim Statement of Changes in Equity**
(in millions of Uzbek soums)

	Attributable to owners of the Bank							Total equity		
	Notes	Share capital	Additional paid-in capital	Share premium	Treasury shares	Revaluation reserve for investment securities	Retained earnings		Equity attributable to owners of the Bank	Non-controlling interest
1 January 2023		8,579,005	-	1,412	(115)	4,882	412,267	8,997,451	23,043	9,020,494
Net profit for the period		-	-	-	-	-	159,338	159,338	(7,138)	152,200
Other comprehensive income for the period		-	-	-	-	28,093	-	28,093	-	28,093
Total comprehensive income for the period		-	-	-	-	28,093	159,338	187,431	(7,138)	180,293
30 June 2023 (unaudited)		8,579,005	-	1,412	(115)	32,975	571,605	9,184,882	15,905	9,200,787

	Attributable to owners of the Bank							Total equity		
	Notes	Share capital	Additional paid-in capital	Share premium	Treasury shares	Revaluation reserve for investment securities	Retained earnings		Equity attributable to owners of the Bank	Non-controlling interest
1 January 2024		8,929,005	1,866,232	1,412	(115)	25,928	661,085	11,483,547	7,645	11,491,191
Net profit for the period		-	-	-	-	-	151,207	151,207	(3,932)	147,275
Other comprehensive income for the period		-	-	-	-	1,674	-	1,674	-	1,674
Total comprehensive income for the period		-	-	-	-	1,674	151,207	152,881	(3,932)	148,949
Shares issued	18	1,866,232	(1,866,232)	-	-	-	-	-	-	-
30 June 2024 (unaudited)		10,795,237	-	1,412	(115)	27,602	812,292	11,636,428	3,713	11,640,141

Approved for issue and signed on behalf of Management Board on 11 September 2024.


Mamatkulov R.U.
Chairman of the Board


Yuldoshov A.O.
Chief Accountant

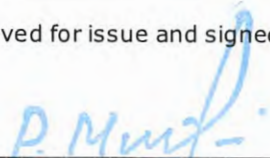


The notes on pages 6-46 form an integral part of these consolidated financial statements.


Joint Stock Commercial Bank "Agrobank", 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	3,009,617	2,899,878
Interest paid	(2,924,057)	(2,140,366)
Fee and commission received	384,663	339,149
Fee and commission paid	(154,132)	(145,187)
Income received from trading in foreign currencies	96,504	432,087
Other income received	106,405	43,990
Staff costs paid	(739,974)	(617,390)
Administrative and other operating expenses paid	(375,129)	(378,161)
Income tax paid	(128,839)	(78,014)
Cash flows from/(used in) operating activities before changes in operating assets and liabilities	(724,942)	355,986
<i>Net (increase) / decrease in:</i>		
- due from other banks	27,635	(6,801)
- loans and advances to customers	(6,370,852)	(5,969,732)
- other assets	(252,282)	(690,133)
<i>Net increase / (decrease) in:</i>		
- due to other banks	2,697,119	(788,421)
- customer accounts	1,649,297	556,624
- debt securities issued	125,000	-
- other liabilities	28,483	25,659
Net cash used in operating activities	(2,820,542)	(6,516,818)
Cash flows from investing activities		
Acquisition of premises, equipment and intangible assets and advances for construction	(161,943)	(583,528)
Proceeds from sale of premises and equipment	27,871	88,897
Acquisition of equity securities (FVOCI)	(66,400)	(25,132)
Acquisition of debt securities	(347,885)	(313,924)
Proceeds from redemption of investment securities	231,888	876,065
Dividend income received	335	452
Net cash flow from / (used in) investing activities	(316,134)	42,830
Cash flows from financing activities		
Proceeds from long-term placements of other banks	12	1,293,079
Repayment of long-term placements of other banks	12	-
Proceeds from other borrowed funds	11,262,230	14,850,640
Repayment of other borrowed funds	19	(10,446,870)
Repayment of lease liabilities	(3,832)	(3,614)
Net cash from financing activities	3,369,141	5,693,235
Effect of exchange rate changes on cash and cash equivalents	67,586	52,352
Effect of expected credit loss	6	(567)
Net increase / (decrease) in cash and cash equivalents	299,863	(728,968)
Cash and cash equivalents at the beginning of the period	6	4,910,499
Cash and cash equivalents at the end of the period	5,210,362	3,687,785

Approved for issue and signed on behalf of Management Board on 11 September 2024.


Mamatkulov R.U.
Chairman of the Board




Yuldoshov A.O.
Chief Accountant

The notes on pages 6-46 form an integral part of these consolidated financial statements.

1. Organisation

The Bank is a Joint Stock Company set up in accordance with Uzbekistan legislation.

The Bank was established in 1995 under the laws of the Republic of Uzbekistan and has operated under the banking license #78 re-issued by the Central Bank of Uzbekistan ("CBU") on 21 October 2017.

Principal activity. The Bank's principal activities are commercial banking, retail banking, operations with securities, foreign currencies and originating loans and guarantees. The Bank accepts deposits from legal entities and individuals and grants loans, transfers payments within Uzbekistan and abroad. The Bank conducts its banking operations from its head office in Tashkent and 171 branches within Uzbekistan as of 30 June 2024 (31 December 2023: 171 branches).

The Bank participates in the state deposit insurance scheme introduced by the Uzbek Law #360-II "Insurance of Individual Bank Deposit" dated 5 April 2002. On 28 November 2008, the President of the Republic of Uzbekistan issued Decree No. UP-4057, according to which 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.

The Government of Uzbekistan is the ultimate controlling party of the Bank. A substantial volume of the Bank's operations is with entities controlled directly or indirectly by the Government of Uzbekistan. As such, the Bank's strategy reflects the Government's strategy in developing the country's economy. Namely, the Bank plays a significant role in the distribution of funds of the country's budget, which flow through the Bank to different governmental agencies and state owned and controlled entities. In addition, being an agent of the Government in financing cotton and grain related sectors of the economy, the Bank channels funds of the State Support Fund for Agriculture under the Ministry of Economy and Finance of the Republic of Uzbekistan among state entities related to these sectors.

Registered address and place of business. The Bank's registered address is: 2a, B.Zokirov Street, Tashkent, Uzbekistan.

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

Shareholders. At 30 June 2024 and 31 December 2023, the interest of the shareholders in the Bank's capital was as follows:

in %	30 June 2024 (unaudited)	31 December 2023
The Fund of Reconstruction and Development of the Republic of Uzbekistan	54,12	44,60
Ministry of Economy and Finance of the Republic of Uzbekistan	44,72	54,10
Other legal entities (individually hold less than 1%)	1,09	1,31
Other shareholders (individually hold less than 1%)	0,07	0,08
Total	100	100

Subsidiaries. This condensed consolidated financial information includes the following subsidiaries as at 30 June 2024 (unaudited) and 31 December 2023:

Subsidiary	Ownership in %		Country	Industry
	30 June 2024	31 December 2023		
"Leader Finance" LLC	100%	100%	Uzbekistan	Depositary
"Agro Finans Lizing" JSC	99,9%	99,9%	Uzbekistan	Leasing Agricultural laboratory
"Agrolab O'HQM" LLC	100%	100%	Uzbekistan	laboratory
"University of Digital Economics and Agrotechnologies" LLC	51%	51%	Uzbekistan	University
"Agro In Vitro" LLC	100%	100%	Uzbekistan	In vitro laboratory
"Leader Finance Capital" LLC	100%	100%	Uzbekistan	Brokerage service
"Toshkent Index ETF" JSC	100%	100%	Uzbekistan	Fund Management
"Fermerlar Maktabi" LLC	100%	100%	Uzbekistan	Training school
"Suvchilar Maktabi" LLC	100%	100%	Uzbekistan	Training school
"Smart Bank" JSCB	100%	100%	Uzbekistan	Bank
"Zomin Best Food" LLC *	96%	-	Uzbekistan	Gardening

* "Zomin Best Food" LLC, established on 4 April 2021, in the Jizzakh region, operates in the gardening sector. In April 2024, the Group acquired a 96% equity stake in the company through a direct investment. Management assessed that both the fair value of the acquiree's identifiable net assets and the consideration invested were immaterial, resulting in no goodwill or material gain from the business combination.

2. Operating environment of the Group

Emerging markets such as Uzbekistan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Uzbekistan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations.

The future economic direction of Uzbekistan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the regulatory, and political environment.

For the six months ended 30 June 2024, Uzbekistan's gross domestic product ("GDP") grew by 6.4% per annum (2023: 6.0% per annum). In June 2024, inflation rate was 10.6% per annum, (in 2023, inflation was 8.8% per annum).

As at 30 June 2024, the Central Bank of the Republic of Uzbekistan remained the base rate at 14% per annum ensuring that relatively tight monetary conditions are maintained in the downward dynamics of the inflation forecast. In addition, interventions on the currency market were performed to support the Uzbekistan Soum exchange rate against foreign currencies. However, uncertainties related to the future developments of geopolitical risks and their impact on the economy of the Republic of Uzbekistan.

Management of the Bank is monitoring developments in the economic, political, and geopolitical situation and taking measures it considers necessary to support the sustainability and development of the Bank's business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Bank's operations.

At 30 June 2024 the principal rate of exchange used for translating foreign currency balances was USD 1=UZS 12,555.16 (31 December 2023: 12,338.77) and EUR 1 = UZS 13,430.25 (31 December 2023: 13,731.82).

3. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2024 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 as issued by the IASB (IFRS Accounting Standards). 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.

The condensed consolidated interim 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, regulatory capital requirements, and government support funding.

4. Application of new and revised Standards

The following amendments became effective from 1 January 2024:

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 amendment of the standard did not have a material impact on this 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 amendment of the standard did not have a material impact on this 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 and effective for annual periods

beginning on or after 1 January 2024). The amendment of the standard did not have a material impact on this condensed consolidated interim financial information.

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 expecting no material impact on its condensed consolidated interim financial information.

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 expecting no material impact on its condensed consolidated interim financial information.

The application of the amendments had no significant impact on the Group 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.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). The Group is currently assessing the impact of the amendments on its financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's condensed consolidated interim financial information.

5. Segment reporting

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

The main measure of the profit or loss of a segment corresponds to the IFRS based financial information, adjusted for any relevant items that are specifically identified with the segment. The management primarily relies on net interest margin as a performance measure. The other items are managed on a group basis and are not allocated to operating segments.

During six months ended 30 June 2024 and for the year ended 31 December 2023 respectively, the Group has been organized into two operating segments based on products and services, as follows:

- Individuals – retail banking, individual customers' deposits and consumer loans and advances,
- Corporate – Loans and other credit facilities and deposit and current accounts for corporate and institutional customers

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's revenues are analysed by products and services in Notes 21 (interest income), Note 22 (fee and commission income) and in Note 23 (other operating income). 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 loans, current accounts, deposits and other credit facilities and individuals which represents private banking services, private customer current accounts, savings, deposits and 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:

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

	Corporate	Individuals	Total
Assets			
Cash and cash equivalents	5,210,362	-	5,210,362
Loans and advances to customers, including finance lease receivables	55,874,227	9,182,051	65,056,278
Due from other banks	144,202	-	144,202
Investment securities	536,048	-	536,048
Investment in associates	36,485	-	36,485
Total reportable segment assets	61,801,325	9,182,051	70,983,375
Liabilities			
Due to other banks	7,107,716	-	7,107,716
Customer accounts	9,075,212	8,630,260	17,705,472
Other borrowed funds	37,651,258	-	37,651,258
Debt securities issued	285,001	-	285,001
Subordinated debt	256,922	-	256,922
Total reportable segment liabilities	54,376,109	8,630,260	63,006,369

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

	Corporate	Individuals	Total
Assets			
Cash and cash equivalents	4,880,576	29,923	4,910,499
Loans and advances to customers, including finance lease receivables	47,119,030	10,372,469	57,491,499
Due from other banks	168,829	-	168,829
Investment securities measured at amortised cost	352,272	-	352,272
Investment in associates	38,306	-	38,306
Total reportable segment assets	52,559,013	10,402,392	62,961,405
Liabilities			
Due to other banks	5,806,959	-	5,806,959
Customer accounts	8,836,720	7,193,323	16,030,043
Other borrowed funds	32,633,559	-	32,633,559
Debt securities issued	160,001	-	160,001
Subordinated debt	251,705	-	251,705
Total reportable segment liabilities	47,688,944	7,193,323	54,882,267

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

	Six months ended 30 June 2024 (unaudited)		
	Corporate	Individuals	Total
Interest income			
Interest on Loans and advances to customers	3,557,606	801,849	4,359,455
Interest on balances Due from other banks	15,512	-	15,512
Interest on balances Cash and cash equivalents	11,852	-	11,852
Interest on investment securities measured at amortised cost	21,185	-	21,185
Interest expense			
Interest on balances Due to other banks	(287,256)	-	(287,256)
Interest on Customer accounts	(434,702)	(656,193)	(1,090,895)
Interest on Other borrowed funds	(1,609,119)	-	(1,609,119)
Interest on Debt securities in issue	(22,677)	-	(22,677)
Interest on subordinated debt	(7,871)	-	(7,871)
Segment results	1,244,530	145,656	1,390,186

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

	Six months ended 30 June 2023		
	<i>(unaudited)</i>		
	Corporate	Individuals	Total
Interest income			
Interest on Loans and advances to customers	2,965,882	759,958	3,725,840
Interest on balances Due from other banks	940	-	940
Interest on balances Cash and cash equivalents	10,104	-	10,104
Interest on Investment securities measured at amortised cost	50,190	-	50,190
Interest expense			
Interest on balances Due to other banks	(133,501)	-	(133,501)
Interest on Customer accounts	(502,474)	(362,978)	(865,452)
Interest on Other borrowed funds	(1,245,579)	-	(1,245,579)
Interest on Debt securities issued	(24,844)	-	(24,844)
Interest on Subordinated debts	(6,726)	-	(6,726)
Segment results	1,113,992	396,980	1,510,972

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

	Six months ended 30 June 2024	Six months ended 30 June 2023
	<i>(unaudited)</i>	<i>(unaudited)</i>
Total segment result for all segments	1,390,186	1,510,972
<i>Items not allocated to segments:</i>		
Other similar income (similar to interest income)	146,271	70,887
Provision for expected credit losses	(375,201)	(717,166)
Loss on initial recognition on interest bearing assets	(4,161)	(10,012)
Fee and commission income	385,107	340,451
Fee and commission expense	(154,132)	(145,187)
Other interest expense	(13,084)	(2,886)
Net gain on foreign exchange translation	(15,343)	(21,975)
Net gain from trading in foreign currencies	96,504	432,087
Dividend income	335	452
Other operating income	106,403	39,125
Provision for impairment on other non-financial assets	(5,395)	(5,335)
Provision for expected credit losses on other financial assets and credit related commitments	(9,916)	(96,792)
Administrative and other operating expenses	(1,355,530)	(1,060,199)
Profit before tax	192,043	334,420

	Six months ended 30 June 2024	31 December 2023
	<i>(unaudited)</i>	
Total reportable segment assets	70,983,376	62,961,405
Property, equipment and intangible assets	2,871,343	2,826,709
Right-of-use assets	15,278	11,031
Current income tax prepayment	92,960	8,634
Deferred income tax assets	256,047	256,302
Other assets	756,646	609,937
TOTAL ASSETS	74,975,649	66,674,018
Total reportable segment liabilities	63,006,369	54,882,267
Lease liabilities	16,378	12,061
Other liabilities	312,761	288,499
TOTAL LIABILITIES	63,335,508	55,182,827

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

6. Cash and cash equivalents

	30 June 2024 (unaudited)	31 December 2023
Cash on hand	1,663,463	1,881,310
Cash balances with the CBU	1,086,461	1,083,707
Correspondent accounts and overnight placements with other banks	2,461,210	1,946,066
Less: ECL provision	(772)	(584)
Total cash and cash equivalents	5,210,362	4,910,499

As at 30 June 2023 and 31 December 2023, the Group had no counterparties, other than CBU, whose balances of cash and cash equivalents exceeded 5% of the Group's equity.

The credit quality of cash and cash equivalents, excluding cash on hand and ECL provision balances is summarized as follows as at 30 June 2024:

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Total
- Aa1 (Moody's)	-	680,787	680,787
- Aa2 (Moody's)	-	5,340	5,340
- Aa3 (Moody's)	-	1,429	1,429
- A1 (Moody's)	-	90,677	90,677
- A (Fitch)	-	12,080	12,080
- BB- (Fitch)	1,086,461	1,461,100	2,547,561
- B1 (Moody's)	-	128	128
- B2 (Moody's)	-	202,278	202,278
- B (Fitch)	-	4,457	4,457
- Ca (Moody's)	-	2,934	2,934
Total cash and cash equivalents, excluding cash on hand, gross	1,086,461	2,461,210	3,547,671

The credit quality of cash and cash equivalents, excluding cash on hand and ECL provision balances is summarized as follows as at 31 December 2023:

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Total
- Aa2 (Moody's)	-	67,502	67,502
- AA- (Fitch)	-	4,215	4,215
- A1 (Moody's)	-	17,360	17,360
- A (Fitch)	-	16,820	16,820
- A- (Fitch)	-	1,409	1,409
- A- (S&P)	-	137,238	137,238
- Ba3 (Moody's)	1,083,707	1,693,631	2,777,338
- BB- (Fitch)	-	1,698	1,698
- B3 (Moody's)	-	1,939	1,939
- B- (Fitch)	-	4,251	4,251
- Ca (Moody's)	-	3	3
Total cash and cash equivalents, excluding cash on hand, gross	1,083,707	1,946,066	3,029,773

Due to absence of credit rating of CBU, the Group used sovereign rating. As at 30 June 2024 and 31 December 2023, for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1.

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

7. Due from other banks

	30 June 2024 <i>(unaudited)</i>	31 December 2023
Placements with other banks with original maturities of more than three months	59,448	71,501
Mandatory reserve with CBU	55,129	72,588
Restricted cash	29,814	25,009
Less: ECL provision	(189)	(269)
Total due from other banks	144,202	168,829

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 with foreign banks placed by the Group on behalf of its clients. The Group does not have the right to use these funds to finance its activities.

The credit quality of amounts due from other banks as at 30 June 2024 (unaudited):

	Placements with other banks with original maturities of more than three months	Mandatory reserve with CBU	Restricted cash	Total
- Aa1 (Moody's)	-	-	25,224	25,224
- A1 (Moody's)	-	-	3,807	3,807
- A- (Fitch)	-	-	628	628
- BB- (Fitch)	44,303	55,129	105	99,537
- B1 (Moody's)	6,663	-	-	6,663
- B2 (Moody's)	133	-	50	183
- B (Fitch)	2,826	-	-	2,826
- B (S&P)	2,350	-	-	2,350
- B- (Fitch)	3,173	-	-	3,173
Total due from other banks, gross	59,448	55,129	29,814	142,041

The credit quality of amounts due from other banks as at 31 December 2023:

	Placements with other banks with original maturities of more than three months	Mandatory reserve with CBU	Restricted cash	Total
- AA- (Fitch)	-	-	24,237	24,237
- A1 (Moody's)	-	-	617	617
- A- (S&P)	3,742	-	-	3,742
- BB (S&P)	2,783	-	-	2,783
- Ba3 (Moody's)	6,063	72,588	50	78,701
- BB- (Fitch)	20,486	-	5	20,491
- B1 (Moody's)	33,053	-	50	33,103
- B2 (Moody's)	133	-	50	183
- B (Fitch)	1,586	-	-	1,586
- B3 (Moody's)	3,656	-	-	3,656
Total due from other banks, gross	71,502	72,588	25,009	169,099

Amounts due from other banks are not collateralised. Refer to Note 30 for the estimated fair value of due from other banks. Interest rate analysis of due from other banks is disclosed in Note 26. Information on related party balances is disclosed in Note 31.

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.

As at 30 June 2024 and 31 December 2023, there were no due from other bank accounts with aggregate amounts which exceeded 10% of the Group's equity.

8. Loans and advances to customers, including finance lease receivables

	30 June 2024 <i>(unaudited)</i>	31 December 2023
Corporate loans	53,570,108	44,592,635
Individuals	9,640,675	10,824,847
State and municipal organisations	3,448,787	3,783,122
Total loans and advances to customers, gross	66,659,570	59,200,604
Less: ECL provision	(1,603,292)	(1,709,105)
Total loans and advances to customers	65,056,278	57,491,499

Economic sector risk concentrations within the customer loan portfolio are as follows:

	30 June 2024 <i>(unaudited)</i>		31 December 2023	
	amount	%	amount	%
Agriculture	23,991,551	36,0%	17,457,815	29,5%
Manufacturing	21,763,079	32,6%	21,219,800	35,8%
Individuals	9,640,675	14,5%	10,824,847	18,3%
- Every family - entrepreneur	6,080,541		7,094,202	
- Micro loans	2,714,573		2,915,362	
- Mortgage	845,561		815,283	
Trade	7,246,848	10,9%	5,526,178	9,3%
Construction	2,057,145	3,1%	1,956,309	3,3%
Other	1,960,272	2,9%	2,215,655	3,8%
Total loans and advances to customers, gross	66,659,570	100%	59,200,604	100%

At 30 June 2024, the Group had a concentration of loans represented by UZS 12,041,824 million due from ten largest borrowers or 19.5% of gross loans (2023: UZS 11,479,589 million or 19.5%).

Information about collateral as at 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024 <i>(unaudited)</i>	31 December 2023
Unsecured loans	425,629	325,551
<i>Loans collateralised by:</i>		
- insurance policy	42,279,587	36,332,346
- guarantees	9,068,740	10,868,027
- real estate	9,154,625	6,610,973
- equipment	2,230,979	2,291,491
- vehicle	3,308,935	2,550,158
- inventory	18,848	24,131
- cash deposit	24,913	21,135
- government guarantee	19	21
- other	147,295	176,771
Total loans and advances to customers, gross	66,659,570	59,200,604

The insurance policy listed as collateral refers to credit risk insurance. This type of insurance provides protection to the lender in case of default by the borrower. It ensures that the lender can recover the loan amount, either partially or fully, in the event of non-payment. This reduces the overall credit risk associated with the loan.

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

The following tables disclose the changes in the credit loss allowance and gross carrying amount of corporate loans at AC between the beginning and the end of the reporting and comparative period:

EAD movement, corporate loans	30 June 2024 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount as at 1 January 2024	31,287,121	10,863,887	2,441,627	44,592,635
Transfer from Stage 1	(5,683,292)	5,683,292	-	-
Transfer from Stage 2	7,613,047	(8,112,563)	499,516	-
Transfer from Stage 3	-	450,905	(450,905)	-
Changes in EAD*	(2,192,689)	2,135,480	669,290	612,081
New financial assets originated or purchased	9,839,540	-	-	9,839,540
Financial assets that have been repaid in full	(762,867)	(240,801)	(124,196)	(1,127,864)
Write-off	-	-	(383,145)	(383,145)
Foreign exchange differences	8,619	19,791	8,451	36,861
Gross carrying amount as at 30 June 2024	40,109,479	10,799,991	2,660,638	53,570,108
Loss allowance as at 30 June 2024	(293,863)	(357,523)	(426,803)	(1,078,189)
Carrying amount net of allowance as at 30 June 2024	39,815,616	10,442,468	2,233,835	52,491,919

ECL movement Corporate loans	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	311,576	396,868	454,434	1,162,878
Transfer from Stage 1	(85,058)	85,058	-	-
Transfer from Stage 2	263,518	(282,121)	18,603	-
Transfer from Stage 3	-	91,161	(91,161)	-
Changes in ECL*	(317,495)	80,692	462,275	225,472
New financial assets originated or purchased	129,006	-	-	129,006
Financial assets that have been repaid in full	(7,691)	(13,815)	(34,373)	(55,879)
Total movements with impact on credit loss allowance charge for the period	(196,180)	66,877	427,902	298,599
Write-off	-	-	(383,145)	(383,145)
Foreign exchange differences	7	(320)	170	(143)
Balance as at 30 June 2024	293,863	357,523	426,803	1,078,189

EAD movement, corporate loans	30 June 2023 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount as at 1 January 2023	18,322,562	14,182,159	1,885,017	34,389,738
Transfer from Stage 1	(6,870,261)	6,870,261	-	-
Transfer from Stage 2	8,588,481	(9,362,982)	774,501	-
Transfer from Stage 3	-	890,682	(890,682)	-
Changes in EAD*	(3,450,355)	3,735,397	322,018	607,060
New financial assets originated or purchased	6,440,968	-	-	6,440,968
Financial assets that have been repaid in full	(1,005,525)	(924,459)	(73,089)	(2,003,073)
Write-offs	-	-	(256,129)	(256,129)
Foreign exchange differences	275,182	115,342	3,848	394,372
Gross carrying amount as at 30 June 2023	22,301,052	15,506,400	1,765,484	39,572,936
Loss allowance as at 30 June 2023	(157,806)	(488,864)	(515,983)	(1,162,653)
Carrying amount net of allowance as at 30 June 2023	22,143,246	15,017,536	1,249,501	38,410,283

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

ECL movement, corporate loans	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	102,954	507,779	222,425	833,158
Transfer from Stage 1	(53,961)	53,961	-	-
Transfer from Stage 2	322,889	(346,121)	23,232	-
Transfer from Stage 3	-	84,816	(84,816)	-
Net change of loss provision	(341,626)	213,998	592,021	464,393
New financial assets originated or purchased	119,393	-	-	119,393
Financial assets that have been repaid in full	(1,714)	(27,168)	(6,260)	(35,142)
Total movements with impact on credit loss allowance charge for the period	(223,947)	186,830	585,761	548,644
Write-off	-	-	(256,129)	(256,129)
Foreign exchange differences	16	137	1,377	1,530
Balance as at 30 June 2023	157,806	488,864	515,983	1,162,653

The following tables disclose the changes in the credit loss allowance and gross carrying amount of individual loans at AC between the beginning and the end of the reporting and comparative period:

EAD movement, individuals	30 June 2024 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount as at 1 January 2024	9,966,532	367,120	491,195	10,824,847
Transfer from Stage 1	(916,369)	916,369	-	-
Transfer from Stage 2	114,480	(606,048)	491,568	-
Transfer from Stage 3	-	106,803	(106,803)	-
Changes in EAD*	(1,392,680)	(125,824)	(38,613)	(1,557,117)
New financial assets originated or purchased	901,695	-	-	901,695
Financial assets that have been repaid in full	(374,395)	(23,786)	(35,389)	(433,570)
Write-off	-	-	(95,190)	(95,190)
Foreign exchange differences	10	-	-	10
Gross carrying amount as at 30 June 2024	8,299,273	634,634	706,768	9,640,675
Loss allowance as at 30 June 2024	(179,220)	(66,729)	(212,675)	(458,624)
Carrying amount net of allowance as at 30 June 2024 (unaudited)	8,120,053	567,905	494,093	9,182,051

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

ECL movement, individuals	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	292,011	54,714	105,654	452,379
Transfer from Stage 1	(59,544)	59,544	-	-
Transfer from Stage 2	14,728	(67,522)	52,794	-
Transfer from Stage 3	-	13,999	(13,999)	-
Changes in ECL*	(84,428)	9,726	171,086	96,384
New financial assets originated or purchased	23,137	-	-	23,137
Financial assets that have been repaid in full	(6,684)	(3,732)	(7,670)	(18,086)
Total movements with impact on credit loss allowance charge for the period	(67,975)	5,994	163,416	101,435
Write-off	-	-	(95,190)	(95,190)
Balance as at 30 June 2024	179,220	66,729	212,675	458,624

EAD movement Individuals	30 June 2023 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount as at 1 January 2023	6,865,579	270,665	1,399,408	8,535,652
Transfer from Stage 1	(423,612)	423,612	-	-
Transfer from Stage 2	261,999	(534,581)	272,582	-
Transfer from Stage 3	-	178,644	(178,644)	-
Changes in EAD*	(1,019,119)	(24,198)	111,877	(931,440)
New financial assets originated or purchased	3,275,331	-	-	3,275,331
Financial assets that have been repaid in full	(295,143)	(14,238)	(96,360)	(405,741)
Write-offs	-	-	(3,072)	(3,072)
Gross carrying amount as at 30 June 2023	8,665,035	299,904	1,505,791	10,470,730
Loss allowance as at 30 June 2023	(84,884)	(15,975)	(366,909)	(467,768)
Carrying amount net of allowance as at 30 June 2023	8,580,151	283,929	1,138,882	10,002,962

ECL movement Individuals	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	100,849	17,330	303,920	422,099
Transfer from Stage 1	(10,075)	10,075	-	-
Transfer from Stage 2	20,283	(33,904)	13,621	-
Transfer from Stage 3	-	18,336	(18,336)	-
Net change of loss provision	(46,828)	4,643	83,924	41,739
New financial assets originated or purchased	22,857	-	-	22,857
Financial assets that have been repaid in full	(2,271)	(505)	(13,148)	(15,924)
Total movements with impact on credit loss allowance charge for the period	(26,173)	4,138	70,776	48,741
Write-off	-	-	(3,072)	(3,072)
Balance as at 30 June 2023	84,884	15,975	366,909	467,768

The following tables disclose the changes in the credit loss allowance and gross carrying amount of state and municipal loans at AC between the beginning and the end of the reporting and comparative period:

State and municipal organisations	30 June 2024 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount as at 1 January 2024	2,361,783	1,212,162	209,177	3,783,122
Transfer from Stage 1	(1,055,591)	1,055,591	-	-
Transfer from Stage 2	485,702	(488,464)	2,762	-
Transfer from Stage 3	-	20,131	(20,131)	-
Changes in EAD*	212,328	(445,863)	(3,088)	(236,623)
New financial assets originated or purchased	49,037	-	-	49,037
Financial assets that have been repaid in full	(87,206)	(48,952)	(9,396)	(145,554)
Write-off	-	-	(2,502)	(2,502)
Foreign exchange differences	1,169	344	(206)	1,307
Gross carrying amount as at 30 June 2024	1,967,222	1,304,949	176,616	3,448,787
Loss allowance as at 30 June 2024	(14,345)	(30,113)	(22,021)	(66,479)
Carrying amount net of allowance as at 30 June 2024	1,952,877	1,274,836	154,595	3,382,308

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

ECL movement, State and municipal organisations	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	14,569	37,213	42,066	93,848
Transfer from Stage 1	(5,552)	5,552	-	-
Transfer from Stage 2	18,092	(18,129)	37	-
Transfer from Stage 3	-	4,030	(4,030)	-
Changes in ECL*	(12,869)	2,795	(11,517)	(21,591)
New financial assets originated or purchased	514	-	-	514
Financial assets that have been repaid in full	(409)	(1,313)	(2,033)	(3,755)
Total movements with impact on credit loss allowance charge for the period	(12,764)	1,482	(13,550)	(24,832)
Write-off	-	-	(2,502)	(2,502)
Foreign exchange differences	-	(35)	-	(35)
Balance as at 30 June 2024	14,345	30,113	22,021	66,479

EAD movement, State and municipal organisations	30 June 2023 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	2,030,395	1,142,003	22,698	3,195,096
Transfer from Stage 1	(1,317,973)	1,317,973	-	-
Transfer from Stage 2	952,874	(952,874)	-	-
Transfer from Stage 3	-	8,947	(8,947)	-
Changes in EAD*	(501,808)	136,727	(21)	(365,102)
New financial assets originated or purchased	566,395	-	-	566,395
Financial assets that have been repaid in full	(217,733)	(2)	(12,379)	(230,114)
Foreign exchange differences	12,588	2,604	155	15,347
Gross carrying amount as at 30 June 2023	1,524,738	1,655,378	1,506	3,181,622
Loss allowance as at 30 June 2023	(18,630)	(95,411)	(1,077)	(115,118)
Carrying amount net of allowance as at 30 June 2023	1,506,108	1,559,967	429	3,066,504

ECL movement, State and municipal organisations	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	3,669	27,111	7	30,787
Transfer from Stage 1	(3,276)	3,276	-	-
Transfer from Stage 2	16,212	(16,212)	-	-
Transfer from Stage 3	-	(1)	1	-
Net change of loss provision	(11,986)	81,237	1,077	70,328
New financial assets originated or purchased	14,094	-	-	14,094
Financial assets that have been repaid in full	(83)	-	(8)	(91)
Total movements with impact on credit loss allowance charge for the period	2,025	81,237	1,069	84,331
Balance as at 30 June 2023	18,630	95,411	1,077	115,118

* The line "Changes in EAD" represents changes in the gross carrying amount of loans, except for loans that were fully repaid during the reporting period. Transfer from stages presented in the table above represent transfers of loans issued during the previous period. Transfers of loans between stages that were issued during the current period are presented in the Changes in EAD line.

*"Changes in ECL" are attributable to changes in parameters (PD, LGD) and 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 issued in previous periods from their initial stage to the stage they were in as at the reporting date.

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

The following table contains information about the quality of the loan portfolio as at 30 June 2024:

30 June 2024 (unaudited)	Stage 1	Stage 2	Stage 3	Total
Corporate loans				
Standard	33,599,722	-	-	33,599,722
Sub-standard	6,509,758	-	-	6,509,758
Unsatisfactory	-	10,799,991	-	10,799,991
Doubtful	-	-	2,487,128	24,87,128
Hopeless	-	-	173,509	173,509
Total loans to Corporate customers, gross	40,109,480	10,799,991	2,660,637	53,570,108
Less: Allowance for expected credit losses	(293,863)	(357,523)	(426,803)	(1,078,189)
Total loans to Corporate customers	39,815,617	10,442,468	2,233,834	52,491,919
Loans to individuals				
Standard	7,584,243	-	-	7,584,243
Sub-standard	715,030	-	-	715,030
Unsatisfactory	-	634,634	-	634,634
Doubtful	-	-	494,287	494,287
Hopeless	-	-	212,481	212,481
Total loans to individuals, gross	8,299,273	634,634	706,768	9,640,675
Less: Allowance for expected credit losses	(179,220)	(66,729)	(212,675)	(458,624)
Total loans to individuals	8,120,053	567,905	494,093	9,182,051
State and municipal organisations				
Standard	1,309,484	-	-	1,309,484
Sub-standard	657,737	-	-	657,737
Unsatisfactory	-	1,304,949	-	1,304,949
Doubtful	-	-	176,616	176,616
Total loans to State and municipal organisations, gross	1,967,221	1,304,949	176,616	3,448,786
Less: Allowance for expected credit losses	(14,345)	(30,112)	(22,021)	(66,478)
Total loans to State and municipal organisations	1,952,876	1,274,837	154,595	3,382,308

The following table contains information about the quality of the loan portfolio as at 31 December 2023:

31 December 2023	Stage 1	Stage 2	Stage 3	Total
Corporate loans				
Standard	28,408,047	-	-	28,408,047
Sub-standard	2,879,075	-	-	2,879,075
Unsatisfactory	-	10,863,887	-	10,863,887
Doubtful	-	-	2,292,472	2,292,472
Hopeless	-	-	149,154	149,154
Total loans to Corporate customers, gross	31,287,122	10,863,887	2,441,626	44,592,635
Less: Allowance for expected credit losses	(311,577)	(396,868)	(454,434)	(1,162,879)
Total loans to Corporate customers	30,975,545	10,476,019	1,987,192	43,429,756
Loans to individuals				
Standard	9,268,144	-	-	9,268,144
Sub-standard	698,389	-	-	698,389
Unsatisfactory	-	367,119	-	367,119
Doubtful	-	-	440,650	440,650
Hopeless	-	-	50,545	50,545
Total loans to individuals, gross	9,966,533	367,119	491,195	10,824,847
Less: Allowance for expected credit losses	(292,010)	(54,714)	(105,654)	(452,378)
Total loans to individuals	9,674,523	312,405	385,541	10,372,469
State and municipal organisations				
Standard	2,155,383	-	-	2,155,383
Sub-standard	206,399	-	-	206,399
Unsatisfactory	-	1,212,163	-	1,212,163
Doubtful	-	-	204,061	204,061
Hopeless	-	-	5,116	5,116
Total loans to State and municipal organisations, gross	2,361,782	1,212,163	209,177	3,783,122
Less: Allowance for expected credit losses	(14,570)	(37,213)	(42,065)	(93,848)
Total loans to State and municipal organisations	2,347,212	1,174,950	167,112	3,689,274

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

The Bank's lending portfolio, particularly in the agricultural sector, demonstrates seasonality due to the agricultural production cycle. Grain harvests, occurring between June and September, influence the repayment schedules for agricultural loans, while cotton harvests affect repayments from October to November. Agriculture loan disbursements typically take place between January and June. This seasonality may temporarily impact loan classification during interim reporting periods but is not expected to affect year-end results.

Refer to Note 29 for the estimated fair value of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in Note 26. Information on related party balances is disclosed in Note 30.

The components of net investment in finance lease as at 30 June 2024 and 31 December 2023 years are as follows:

<i>In millions of Uzbek Soums</i>	30 June 2024 (unaudited)	31 December 2023
Amounts receivables under finance leases		
Less than one year	267,470	202,186
From one year to two years	254,679	192,571
From two year to five years	581,356	483,450
More than five years	28,566	72,298
Minimum lease payments	1,132,071	950,505
Less: unearned finance income	(66,106)	(51,087)
Net investment in finance lease (before impairment)	1,065,965	899,418
Less: Provision for expected credit losses	(40,051)	(21,704)
Net investment in finance lease	1,025,914	877,714

Credit quality of those finance lease were stage 1 as at 30 June 2024 included in corporate loans (31 December 2023: stage 1). The finance lease receivables were presented under the Corporate Loans classification.

9. Investment securities

Investments in equity and debt securities are presented below:

	30 June 2024 (unaudited)	31 December 2023
Equity securities measured at fair value through other comprehensive income	188,163	120,384
Debt securities measured at amortized cost	347,885	231,888
Total investment securities	536,048	352,272

As at 30 June 2024 debt investment securities represent government discount bonds of the Republic of Uzbekistan of UZS 347,888 million (2023: UZS 231,888 million) with maturity dates between 9 August 2024 and 3 April 2025.

Based on the credit risk associated with the Government bonds at 30 June 2024 and 31 December 2023, the ECL of the investment in debt securities was assessed to be immaterial and included in Stage 1 and there were no transitions between stages in the six months period ended 30 June 2024 and the year ended 31 December 2023. The Bonds are issued by the Central Bank and Government of the Republic of Uzbekistan and are BB- rated based on Fitch rating.

Equity securities at FVTOCI as at 30 June 2024 and 31 December 2023 include equity securities, registered in Uzbekistan and some of them are traded at the local stock exchange. To the extent information is available, the Group uses active market data for estimating the fair value of the equity instruments. Other equity instruments which do not have readily determinable market values are valued using discount dividend models. Such instruments are assessed to be immaterial.

The fair value of equity investments increased by UZS 67,779 million compared to the previous year. This increase was primarily due to the acquisition of additional shares of "Mortgage Refinancing Company of Uzbekistan" JSC for UZS 66,400 million.

As at 30 June 2024 and 31 December 2023, investment securities of the Group were not pledged.

10. Property, equipment and intangible assets

	Buildings and premises	Office and computer equipment	Construction in progress	Intangible assets	Total property, equipment and intangible assets	Right-of-use assets
Cost 1 January 2023	594,006	936,336	916,898	31,719	2,478,959	16,869
Additions	7,537	261,379	700,780	8,420	978,116	12,004
Disposals	(3,115)	(40,319)	-	-	(43,434)	-
Transfer	927,432	-	(927,432)	-	-	-
Capitalised borrowing costs	-	-	85,426	-	85,426	-
31 December 2023	1,525,860	1,157,396	775,672	40,139	3,499,067	28,873
Accumulated depreciation						
1 January 2023	(101,604)	(401,537)	-	(1,061)	(504,202)	(11,113)
Depreciation / amortisation charge	(43,254)	(156,922)	-	(3,805)	(203,982)	(6,729)
Disposals	2,717	33,108	-	-	35,826	-
31 December 2023	(142,141)	(525,351)	-	(4,866)	(672,358)	(17,842)
Cost 31 December 2023	1,525,860	1,157,396	775,672	40,139	3,499,067	28,873
Additions	3,105	85,032	18,735	3	106,875	-
Disposals	(20,663)	(16,611)	-	-	(37,274)	(7,320)
Transfers	20663	-	(20,663)	-	-	-
Capitalised borrowing costs	-	-	61,216	-	61,216	-
30 June 2024 (unaudited)	1,528,965	1,225,817	834,960	40,142	3,629,884	21,553
Accumulated depreciation						
31 December 2023	(142,141)	(525,351)	-	(4,866)	(672,358)	(17,842)
Depreciation / amortisation charge (Note 23)	(8,008)	(92,319)	-	(1,976)	(102,303)	(3,902)
Disposals	-	16,120	-	-	16,120	15,469
30 June 2024 (unaudited)	(150,149)	(601,550)	-	(6,842)	(758,541)	(6,275)
Net book value						
31 December 2023	1,383,719	632,045	775,672	35,273	2,826,709	11,031
30 June 2024 (unaudited)	1,378,816	624,267	834,960	33,300	2,871,343	15,278

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024
(in millions of Uzbek soums)

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

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the bank's general borrowings during the half the year, in this case 5,3% (2023: 4,7%).

11. Other assets

	30 June 2024 <i>(unaudited)</i>	31 December 2023
Other financial assets		
Receivable from money transfer organizations	16,251	15,822
Commission receivable	11,837	11,822
Accounts receivable from Paynet service organization	5,131	6,451
Trade receivables	572	5,971
Other financial assets	182	648
ECL	(5,395)	(4,420)
Total other financial assets	28,578	36,294
Other non-financial assets		
Prepayments for inventory and services	295,725	175,558
Greenhouses under development	220,141	16,246
Inventory	114,555	345,427
Prepayments for construction of building	77,596	22,528
Biological asset	4,114	1,790
Recoverable assets from court decision	2,758	3,805
Prepayment to fund	1,583	1,154
Other non-financial assets	11,596	13,105
Less allowance for impairment	-	(5,970)
Total other non-financial assets	728,068	573,643
Total other assets	756,646	609,937

As at 30 June 2024 and 31 December 2023, for the purpose of ECL measurement, other financial assets are all included in Stage 1 and there were no transitions between stages in six months ended 30 June 2024 and the year ended 31 December 2023.

As at 30 June 2024, most parts of Prepayment for inventory and services consist of Prepayment for building with the purpose of further lease under finance lease terms - UZS 88,340 million and prepayment for electro-cars - UZS 61,100 million (2023: UZS 16,246 million and UZS 122,048 million).

As at 30 June 2024, greenhouse under development includes Agro Finans Lizing greenhouses amount of UZS 120,000 million and greenhouses of Zomin Best Food amount of UZS 100,000 million that the Group builds with the purpose of further sale or lease under finance lease term (2023: UZS 22,106 million and UZS 0 million).

As at 30 June 2024, in inventory section, UZS 44,069 million is related to electro cars of Agro Finance Leasing (31 December 2023: UZS 313,461 million).

12. Due to other banks

	30 June 2024 <i>(unaudited)</i>	31 December 2023
Short-term placements of other banks	4,395,619	3,425,936
Long-term placements of other banks	2,204,956	2,197,820
Payable to the CBU under repo agreement	-	182,628
Correspondent accounts and overnight placements of other banks	507,141	575
Total due to other banks	7,107,716	5,806,959

Joint Stock Commercial Bank "Agrobank"**Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024***(in millions of Uzbek soums)*

Refer to Note 29 for the disclosure of the fair value of amounts due to other banks. Interest rate analyses of due to other banks are disclosed in Note 26. Long-term placements of other banks are classified as financing activities in the consolidated statement of cash flows.

13. Customer accounts

	30 June 2024 <i>(unaudited)</i>	31 December 2023
State and public organizations		
- Current/settlement accounts	101,307	27,606
- Term deposits	6,568,808	6 361,590
Other legal entities		
- Current/settlement accounts	1,120,613	1,149,194
- Term deposits	1,284,384	1,298,330
Individuals		
- Current/settlement accounts	1,578,890	1,484,220
- Term deposits	7,051,470	5,709,103
Total customer accounts	17,705,472	16,030,043

Economic sector concentration within customer accounts are as follows:

	30 June 2024 <i>(unaudited)</i>	31 December 2023
Individuals	8,630,359	7,193,323
State and public organizations	6,670,115	6,389,196
Services	1,863,178	1,679,290
Communication and transportation	154,248	68,501
Manufacturing	148,857	147,650
Trade and catering	142,669	248,228
Agriculture	80,788	266,193
Construction	14,125	26,860
Other	1,133	10,802
Total customer accounts	17,705,472	16,030,043

As at 30 June 2024 and 31 December 2023, customer accounts amounting to UZS 41,205 million and UZS 95,627 million respectively, were pledged as collateral for letters of credit and other similar products issued by the Group.

As at 30 June 2024 and 31 December 2023, customer accounts amounting to UZS 6,247,555 million (35%) and UZS 5,981,263 million (38%), respectively, were due to 10 customers.

As at 30 June 2024 and 31 December 2023, the largest term deposits placed by state and public organisations include deposits from the Ministry of Economy and Finance of the Republic of Uzbekistan, the Fund guarantee of deposits of citizens in banks of the Republic of Uzbekistan, the Ministry of Defence and the Ministry of Agriculture of the Republic of Uzbekistan.

Refer to Note 29 for the disclosure of the fair value of customer accounts. Interest rate analyses of customer accounts are disclosed in Note 26. Information on related party transactions is disclosed in Note 30.

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024
(in millions of Uzbek soums)

14. Debt securities issued

	30 June 2024 <i>(unaudited)</i>	31 December 2023
Deposit certificates	285,001	160,001
Total debt securities in issue	285,001	160,001

Refer to Note 29 for the disclosure of the fair value of debt securities issued. Interest rate analyses of debt securities issued are disclosed in Note 26. Information on related party transactions is disclosed in Note 30.

15. Other borrowed funds

	30 June 2024 <i>(unaudited)</i>	31 December 2023
International Financial Institutions		
Cargill Financial Services International, Inc.	5,206,581	5,607,449
Landesbank Hessen-Thüringen Girozentrale	2,571,381	2,757,247
Mashreq Bank PSC	1,400,095	513,810
Landesbank Baden-Württemberg	1,038,866	1,146,837
Commerzbank Aktiengesellschaft	910,977	933,673
Gazprombank	762,098	501,119
Development Bank of the Republic of Belarus	586,898	290,943
ODDO BHF Aktiengesellschaft	503,543	501,880
AKA Ausfuhrkredit-Gesellschaft mbH	496,303	389,749
KfW IPEX-Bank GmbH	388,659	196,963
Credit Suisse AG, Zurich	364,142	441,777
Berliner Sparkasse Branch of Landesbank Berlin AG	359,936	373,562
Islamic corporation for the Development of the private sector	336,470	198,837
China Development Bank, Xinjiang branch	322,644	356,566
Kamkombank	299,799	425,735
Commercial Bank of Dubai PSC	254,118	-
Oyak Anker Bank GmbH	194,299	-
Türkiye İhracat Kredi Bankasi A.Ş.	173,198	184,390
International Bank for Economic Co-operation	161,816	95,591
KDB Bank Uzbekistan	127,722	172,185
Credit Suisse AG, London Branch	64,342	249,952
T.C. Ziraat Bankasi A.Ş.	52,993	78,202
EMF Microfinance Fund, AgmvK	51,230	100,510
Eximbank Hungary PLC	24,790	36,546
Gemcorp Capital Management Limited	-	382,502
International Financial Club	-	191,067
Other	5,533	6,838
Total borrowed funds from IFIs	16,658,433	16,133,930
Uzbekistan Financial Institutions		
Ministry of Economy and finance of the Republic of Uzbekistan	19,409,075	14,892,523
The Fund for Reconstruction and Development of the Republic of Uzbekistan	464,248	351,590
Farmers Support Fund	443,327	482,508
Ministry of Investments and Foreign Trade of the Republic of Uzbekistan	259,378	204,928
Central Bank of Uzbekistan	208,569	337,611
The Uzbekistan Mortgage Refinancing Company	169,711	133,582
Youth – Our Future Fund	31,153	46,920
National Bank of Republic of Uzbekistan	-	36,712
Khokimiyat	6,549	12,469
Other	815	786
Total other borrowed funds from Uzbekistan Financial Institutions	20,992,825	16,499,629
Total other borrowed funds	37,651,258	32,633,559

Joint Stock Commercial Bank "Agrobank"

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024

(in millions of Uzbek soums)

		30 June 2024		31 December 2023
		<i>(unaudited)</i>		
	Currency	Maturity, year	Currency	Maturity, year
International Financial Institutions				
Cargill Financial Services International, Inc.	USD	2024-2028	USD	2024-2028
Landesbank Hessen-Thüringen Girozentrale	EUR	2024-2034	EUR	2024-2034
Mashreq Bank PSC	EUR/USD	2024-2025	EUR/USD	2024
Landesbank Baden-Württemberg	EUR	2025-2034	EUR	2025-2032
Commerzbank Aktiengesellschaft	EUR	2029-2034	EUR	2029-2034
Gazprombank	CNY/RUB	2024	CNY/RUB	2024
Development Bank of the Republic of Belarus	EUR/RUB/ CNY	2025-2030	EUR/RUB	2028-2030
ODDO BHF Aktiengesellschaft	EUR	2024-2034	EUR	2024-2034
AKA Ausfuhrkredit-Gesellschaft mbH	EUR	2025-2035	EUR	2025-2031
Credit Suisse AG, Zurich	EUR	2026-2029	EUR	2026-2029
Berliner Sparkasse Branch of Landesbank Berlin AG	EUR	2026-2034	EUR	2024-2034
China Development Bank, Xinjiang branch	USD	2028	USD	2028
Kamkombank	RUB	2024	CNY/RUB	2024
Commercial Bank of Dubai PSC	USD	2024	-	-
KfW IPEX-Bank GmbH	EUR	2025	USD	2024
Oyak Anker Bank GmbH	USD	2025	-	-
Türkiye İhracat Kredi Bankasi A.Ş.	USD	2029	USD	2029
International Bank for Economic Co-operation	RUB	2025-2026	RUB	2024
KDB Bank Uzbekistan	USD	2026-2027	USD	2024-2027
Credit Suisse AG, London Branch	USD	2024	USD	2024
T.C. Ziraat Bankasi A.Ş.	USD	2025	USD	2025
EMF Microfinance Fund, Agmvk	USD	2024	USD	2024
Eximbank Hungary PLC	USD	2025	USD	2025
Gemcorp Capital Management Limited	-	-	USD	2024
International Financial Club	-	-	CNY	2025
Islamic corporation for the Development of the private sector	USD	2028	USD	2028
Other	EUR	2026	EUR	2026
Uzbekistan Financial Institutions				
Ministry of Economy and finance of the Republic of Uzbekistan	USD/UZS	2024-2035	USD/UZS	2024-2035
Farmers Support Fund	UZS	2024-2029	UZS	2024-2029
The Fund for Reconstruction and Development of the Republic of Uzbekistan	USD/UZS	2028-2033	USD/UZS	2028-2033
Central Bank of Uzbekistan	UZS	2025-2026	UZS	2025-2026
Ministry of Investments and Foreign Trade of the Republic of Uzbekistan	USD/UZS	2024-2031	USD/UZS	2024-2030
The Uzbekistan Mortgage Refinancing Company	UZS	2033-2041	UZS	2038-2041
Youth – Our Future Fund	UZS	2025	UZS	2025
National Bank of Republic of Uzbekistan	-	-	USD	2024
Khokimiyat	UZS	2024-2026	UZS	2024-2026
Other	UZS	2024	UZS	2024

Borrowings from Ministry of Economy and finance of the Republic of Uzbekistan, The Fund for Reconstructions and Development of the Republic of Uzbekistan and Central Bank of Uzbekistan were issued to the Group for financing state entrepreneurial, agro-industrial and green energy industry development programs under the Government orders.

The funds received from the Uzbekistan Mortgage Refinancing Company are used for financing mortgage loans to individuals. These loans have been pledged as a collateral against the borrowing from this Company. The carrying value of these loans pledged were UZS 212,139 million and UZS 163,166 million as at 30 June 2024 and 31 December 2023 respectively.

The Group has to comply with specific financial and non-financial covenants on obtained funds. As of 30 June 2024 and 31 December 2023, the Group was in compliance with all covenants. Facts and circumstances, including judgmental assumptions do not indicate any potential breach including after the reporting period.

Refer to Note 29 for the disclosure of the fair value of other borrowed funds. Interest rate analyses of other borrowed funds are disclosed in Note 26. Information on related party transactions is disclosed in Note 30.

Joint Stock Commercial Bank "Agrobank"**Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024***(in millions of Uzbek soums)***16. Other liabilities**

	30 June 2024 <i>(unaudited)</i>	31 December 2023
Other financial liabilities		
Payables to suppliers	63,206	49,454
Guarantees of the citizens' deposits protection	20,737	17,608
Provision for off-balance sheet liabilities	8,153	14,188
Dividends payable	432	448
Other financial liabilities	17,816	4,165
Total other financial liabilities	110,344	85,863
Other non-financial liabilities		
Advances received	151,137	77,946
Withholding Tax Payable	18,996	75,223
Social security payable	14,664	33,677
Taxes other than income tax payable	16,842	11,730
Payable to employees	778	4,060
Total other non-financial liabilities	202,417	202,636
Total other liabilities	312,761	288,499

As of 30 June 2024, most parts of Advances received includes payments beforehand towards electro cars in Agro Finance Leasing with the amount of UZS 24,636 million and gardens in Zomin best food with the amount of 112,544 million (2023: UZS 58,943 million and UZS 0).

17. Subordinated debt

	Interest Rate	30 June 2024 <i>(unaudited)</i>	31 December 2023
Ministry of Finance of the Republic of Uzbekistan	5.9%	256,922	251,705
Total subordinated debt		256,922	251,705

The management classifies borrowings as subordinated according based on the following criteria:

- In the event of bankruptcy or liquidation of the Bank, repayment of these debts is subordinate to the repayment of the Bank's liabilities to all other creditors;
- The initial contractual maturity must be more than 5 years;
- Early repayment of subordinated debt is allowed with the permission of the Central Bank of the Republic of Uzbekistan.

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024
(in millions of Uzbek soums)

18. Share capital

	Number of outstanding shares (thousands)	Ordinary shares (UZS)	Inflation adjustments (UZS)	Share capital (UZS)	Share premium (UZS)	Treasury shares (UZS)	Total
As at 31 December 2022	7,323,094	8,553,374	25,631	8,579,005	1,412	(115)	8,580,302
Issue of new shares	299,658	350,000	-	350,000	-	-	350,000
As at 31 December 2023	7,622,752	8,903,374	25,631	8,929,005	1,412	(115)	8,930,302
Issue of new shares	1,597,801	1,866,232	-	1,866,232	-	-	1,866,232
As at 30 June 2024 (unaudited)	9,220,553	10,769,606	25,631	10,795,237	1,412	(115)	10,796,534

As at 30 June 2024, the total authorized number of ordinary shares is 9,220,553 thousand (31 December 2023: 7,622,751 thousand shares) with a par value of UZS 1,168 per share (31 December 2023: UZS 1,168 per share). All issued ordinary shares were fully paid.

As at 30 June 2024, the total authorized number of preference shares is 500 thousand (31 December 2023: 500 thousand) with a par value of UZS 1,168.

The Group registered new shares in January 2024 in the amount of UZS 1,866,232 million and recognized it as share capital, capitalizing debt into equity, enhancing the Bank's capital structure. The carrying value of the debt approximated its fair value and the transaction was executed by issuing new shares at a par value of UZS 1,168 per share. The process was conducted in compliance with regulatory requirements of the Republic of Uzbekistan and the new shares were equally offered to existing shareholders to avoid any dilution of shares held by minority shareholders.

Share premium represents the excess of contributions received over the nominal value of share issued.

19. Reconciliation of liabilities arising from financing activities

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

	Liabilities from financing activities			
	Other borrowed funds	Long-term placements of other banks	Subordinated debt	Total
Net debt at 1 January 2023	26,780,835	1,520,178	229,749	28,530,762
Financing cash inflow	38,479,788	145,430	-	38,625,218
Financing cash outflow	(32,490,834)	(45,649)	-	(32,536,483)
Interest paid	(2,561,458)	(1,636)	(1,636)	(2,564,730)
Interest incurred	2,738,983	1,636	1,320	2,741,939
Effect of exchange rate changes	(313,755)	-	22,272	(291,483)
Net debt at 31 December 2023	32,633,559	1,619,959	251,705	34,505,223
Financing cash inflow	11,262,230	-	-	11,262,230
Financing cash outflow	(6,466,749)	(1,422,508)	-	(7,889,257)
Interest paid	(1,497,739)	(10,242)	(890)	(1,508,871)
Interest incurred	1,562,623	10,242	890	1,620,251
Effect of exchange rate changes	157,334	-	5,217	162,551
Net debt at 30 June 2024 <i>(unaudited)</i>	37,651,258	197,451	256,922	38,105,631

20. Interest income and expense

	Six months ended 30 June 2024 <i>(unaudited)</i>	Six months ended 30 June 2023 <i>(unaudited)</i>
Interest income calculated using the effective interest method		
Loans and advances to customers	4,359,455	3,725,840
Investment securities	21,185	50,190
Due from other banks	15,512	940
Cash and cash equivalents	11,852	10,115
Total interest income calculated using the effective interest method	4,408,004	3,787,075
Other similar income:		
Finance lease receivables	146,271	70,887
Total interest income	4,554,275	3,857,962
Customer accounts	(1,090,895)	(865,452)
Other borrowed funds	(1,609,119)	(1,245,579)
Due to other banks	(287,256)	(133,501)
Debt securities issued	(22,677)	(24,844)
Subordinated debt	(7,871)	(6,728)
Other	(13,084)	(2,886)
Total interest expense	(3,030,902)	(2,278,990)
Net interest income	1,523,373	1,578,972

21. Fee and commission income and expense

	Six months ended 30 June 2024 <i>(unaudited)</i>	Six months ended 30 June 2023 <i>(unaudited)</i>
Fee and commission income		
Settlement transactions	285,055	258,362
International money transfers	96,472	71,800
Currency conversion transactions	2,749	331
Other	831	9,958
Total fee and commission income	385,107	340,451
Fee and commission expense		
Settlement transactions	(118,789)	(120,203)
Cash collection	(28,392)	(19,634)
Other	(6,951)	(5,350)
Total fee and commission expense	(154,132)	(145,187)

Net gains (or losses) from foreign currency dealing transactions involve the Bank's regular purchase and sale of foreign currencies, including currency conversions for customers (such as remittances, cross-border payments, and corporate foreign currency settlements) and proprietary trading in the foreign exchange market. In the first half of 2024, net gains from these transactions decreased compared to the same period in 2023, primarily due to the suspension of P2P transactions via the Asia Invest Bank, to mitigate the risks of secondary sanctions.

22. Other operating income

	Six months ended 30 June 2024 <i>(unaudited)</i>	Six months ended 30 June 2023 <i>(unaudited)</i>
Income from other trading activities	56,818	20,003
Rental income from plastic card terminals	4,346	3,349
Income from online products	4,346	1,908
Gain on disposal of premises and equipment	12,507	384
Other	28,386	13,481
Total other operating income	106,403	39,125

Joint Stock Commercial Bank "Agrobank"**Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)****23. Administrative and other operating expenses**

	Note	Six months ended 30 June 2024 <i>(unaudited)</i>	Six months ended 30 June 2023 <i>(unaudited)</i>
Staff costs		736,692	614,071
Depreciation and amortization	10	106,205	94,722
Taxes other than income taxes		93,679	78,219
Security expenses		93,220	76,113
Charity		69,382	22,268
Stationery and office supplies		33,906	32,047
Guarantee deposit expense		21,009	12,258
Membership fees		20,775	14,192
Advertising and marketing services		18,711	11,994
Cost of maintenance of premises		16,187	12,450
Insurance		15,376	5,122
Consulting and audit expenses		12,707	2,920
Utilities		12,287	5,092
Business trip expenses		9,946	5,106
Rent for short-term and low value items		8,391	4,831
Postage, Telephone and fax expenses		8,194	6,147
Fuel expenses		5,790	4,648
Loss on sale or disposal of assets		-	290
Other		73,073	57,709
Total administrative and other operating expenses		1,355,530	1,060,199

Staff costs include state pension contributions amounting UZS 737 million and UZS 614 million for the periods ended 30 June 2024 and 30 June 2023 respectively.

Rent expenses in the table above comprise payments for short-term leases and leases of low value assets.

24. Income taxes**Components of income tax expense**

Income tax expense comprises the following:

	Six months ended 30 June 2024 <i>(unaudited)</i>	Six months ended 30 June 2023 <i>(unaudited)</i>
Current tax charge	44,513	76,719
Deferred tax expense	255	105,502
Income tax expense for the period	44,768	182,221

25. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The Bank has no dilutive potential ordinary shares, therefore, the diluted earnings per share equal the basic earnings per share.

Joint Stock Commercial Bank "Agrobank"**Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024** (in millions of Uzbek soums)

	Six months ended 30 June 2024 <i>(unaudited)</i>	Six months ended 30 June 2023 <i>(unaudited)</i>
Profit for the year attributable to the ordinary shareholders of the Bank	151,207	159,337
Profit for the year attributable to the ordinary shareholders of the Bank	151,207	159,337
Weighted average number of shares in issue (thousands)	9,142,234	7,323,594
Basic and diluted earnings per ordinary shares in issue (in UZS)	17	22

26. Financial risk management

The risk management function. The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Credit risk. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. The credit risk is mitigated by collateral and other credit enhancements as disclosed in Note 28.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management.

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The table below summarizes the Group's exposure to foreign currency exchange rate risk at the reporting date:

	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
30 June 2024 <i>(unaudited)</i>			
USD	11,990,660	(13,227,754)	(1,237,094)
EUR	8,206,865	(7,646,770)	560,095
Other	1,822,289	(1,781,754)	40,535
Total	22,019,814	(22,656,278)	(636,464)

Joint Stock Commercial Bank "Agrobank"**Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024** (in millions of Uzbek soums)

31 December 2023			
USD	11,429,514	(12,557,126)	(1,127,612)
EUR	6,759,941	(7,536,275)	(776,334)
Other	1,687,938	(1,933,061)	(245,123)
Total	19,877,393	(22,026,462)	(2,149,069)

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 Bank Council sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The Bank'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 Uzbek Soums to the profit and loss of the Group.

The Group measures its currency risk by:

- Net position on each currency should not exceed 10% of Group's total equity;
- Total net position on all currencies should not exceed 15% of Group's total equity.

The following table presents sensitivities of profit and loss to reasonably possible changes in exchange rates applied at the reporting date, with all other variables held constant. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group:

	At 30 June 2024 (unaudited)		At 31 December 2023	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Strengthening of US Dollars by 10% (2024: 10%)	(123,709)	(98,967)	(112,761)	(90,209)
Weakening of US Dollars by 10% (2024: 10%)	123,709	98,967	112,761	90,209
Strengthening of Euro by 10% (2024: 10%)	56,010	44,808	(77,633)	(62,106)
Weakening of Euro by 10% (2024: 10%)	(56,010)	(44,808)	77,633	62,106

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

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.

Joint Stock Commercial Bank "Agrobank"

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

The table below summarizes the Group's exposure to interest rate risks. The table represents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorized by the earlier of interest repricing and contractual maturity dates:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
30 June 2024 (unaudited)					
Cash and Cash Equivalents	5,135,031	75,331	-	-	5,210,362
Due from other banks	-	-	-	57,130	57,130
Loans and advances to customers, including finance lease receivables	9,270,115	17,124,063	14,393,864	23,601,525	64,389,567
Debt securities	-	153,869	194,016	-	347,885
<i>Total interest bearing financial assets</i>	14,405,146	17,353,263	14,587,880	23,658,655	70,004,944
Due to other banks	3,013,887	1,185,289	690,534	1,106,652	5,996,362
Customer accounts	4,797,227	4,645,361	5,013,876	3,245,813	17,702,277
Debt securities issued	1	120,000	120,000	45,000	285,001
Other borrowed funds	3,747,189	11,550,234	9,110,389	13,192,123	37,599,935
Subordinated debts	-	-	-	251,103	251,103
<i>Total interest bearing financial liabilities</i>	11,558,304	17,500,884	14,934,799	17,840,691	61,834,678
Net interest sensitivity gap at 30 June 2024 (unaudited)	2,846,842	(147,621)	(346,919)	5,817,964	8,170,266
	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
31 December 2023					
Cash and Cash Equivalents	4,910,499	-	-	-	4,910,499
Due from other banks	-	-	-	67,434	67,434
Loans and advances to customers, including finance lease receivables	7,914,554	7,325,720	15,500,807	26,750,418	57,491,499
Debt securities	49,396	78,243	104,249	-	231,888
<i>Total interest bearing financial assets</i>	12,874,449	7,403,963	15,605,056	26,817,852	62,701,320
Due to other banks	1,666,506	838,357	1,073,220	1,325,192	4,903,275
Customer accounts	1,314,439	3,434,249	4,916,562	3,373,182	13,038,432
Debt securities issued	1	-	120,000	40,000	160,001
Other borrowed funds	2,415,814	4,487,665	13,351,989	12,378,091	32,633,559
Subordinated debts	-	-	-	246,775	246,775
<i>Total interest bearing financial liabilities</i>	5,396,760	8,760,271	19,461,771	17,363,240	50,982,042
Net interest sensitivity gap at 31 December 2023	7,477,689	(1,356,308)	(3,856,715)	9,454,612	11,719,278

Joint Stock Commercial Bank "Agrobank"

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

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

in % p.a	30 June 2024 (unaudited)			31 December 2023		
	UZS	USD	EUR	UZS	USD	EUR
Assets						
Cash and cash Equivalents	12	5.5	-	-	-	-
Due from other banks	10			11	-	-
Loans and advances to customers	0-36	0.1-15	0-13.61	0-36	0.1-14	3-12
Investment debt securities	16-17,25			15-17	-	-
Liabilities						
Due to other banks	3-23	0-9,5	5,25-6	0-11	0-7	5
Debt securities issued	18-21			18-19	-	-
Customer accounts						
- current/demand accounts	-	-	-	-	-	-
- term deposits	3-23	2.5-7.5	-	2-23	2-6	-
Subordinated debts	-	6	-	-	5.9	-
Other borrowed funds						
- borrowings from International	-	2%- (5,7%+Sofr)0,9	0,46%- Euribor+3,6 5%	-	Libor+1%- Libor+6.75%	Euribor+1%- Euribor+4.3 %
- borrowings from Domestic Financial Institutions	0-15	-	-	0-14	-	-

Other price risk. Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity stock prices. The non-trading equity price risk exposure arises from equity securities classified as fair value through other comprehensive income (FVOCI).

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

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	4,182,180	995,886	32,296	5,210,362
Due from other banks	114,543	3,807	25,852	144,202
Loans and advances to customers, including finance lease receivables	65,056,278	-	-	65,056,278
Investments in debt securities	347,885	-	-	347,885
Other financial assets	28,578	-	-	28,578
Total financial assets	69,729,464	999,693	58,148	70,787,305
Financial liabilities				
Due to other banks	6,587,093	2,872	517,751	7,107,716
Customer accounts	17,705,472	-	-	17,705,472
Debt securities issued	285,001	-	-	285,001
Other borrowed funds	21,120,546	12,351,281	4,179,431	37,651,258
Lease liabilities	16,378	-	-	16,378
Other financial liabilities	110,344	-	-	110,344
Subordinated debt	256,922	-	-	256,922
Total financial liabilities	46,081,756	12,354,153	4,697,182	63,133,091
Net balance sheet position as at 30 June 2024 (unaudited)	23,647,708	(11,354,460)	(4,639,034)	7,654,214
Gross credit related commitments	1,334,395	-	-	1,334,395

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

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

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	4,083,483	250,735	576,281	4,910,499
Due from other banks	140,233	3,742	24,854	168,829
Loans and advances to customers, including finance lease receivables	57,491,499	-	-	57,491,499
Investments in debt securities	231,888	-	-	231,888
Other financial assets	36,294	-	-	36,294
Total financial assets	61,983,397	254,477	601,135	62,839,009
Financial liabilities				
Due to other banks	4,618,339	195,174	993,446	5,806,959
Customer accounts	16,030,043	-	-	16,030,043
Debt securities issued	160,001	-	-	160,001
Other borrowed funds	16,671,813	13,281,958	2,679,788	32,633,559
Lease liabilities	12,061	-	-	12,061
Other financial liabilities	85,863	-	-	85,863
Subordinated debt	251,705	-	-	251,705
Total financial liabilities	37,829,825	13,477,132	3,673,234	54,980,191
Net balance sheet position as at 31 December 2023	24,153,572	(13,222,655)	(3,072,099)	7,858,818
Gross credit related commitments	1,808,272	-	-	1,808,272

Assets, liabilities and credit related commitments have generally been based on the country in which the counterparty is located. Cash on hand, due from other banks have been allocated based on the country in which they are physically held.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments. 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 Treasury Department.

The Group seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and debt securities. The group invests the funds in inter-bank placements of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Group requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Group calculates liquidity ratios on a monthly basis in accordance with the requirement of the Central Bank of Uzbekistan. These ratios are calculated using figures based on National Accounting Standards

The Treasury Department receives information about the liquidity profile of the financial assets and liabilities. The Treasury Department then provides for an adequate portfolio of short-term liquid assets, largely made up of short-term liquid trading securities, deposits with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

Joint Stock Commercial Bank "Agrobank"**Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024** (in millions of Uzbek soums)

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities.

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 end of the reporting period.

The following tables recognize the structure of assets and liabilities at 30 June 2024 and 31 December 2023 in accordance with the contractual maturities.

The Group monitors liquidity based on expected maturities of financial assets and liabilities as follows at 30 June 2024:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	5,135,031	75,331	-	-	5,210,362
Due from other banks	87,072	-	-	57,130	144,202
Loans and advances to customers, including finance lease receivables	9,478,303	17,409,810	14,448,965	23,719,200	65,056,278
Investments in debt securities	-	153,869	194,016	-	347,885
Other financial assets	28,578	-	-	-	28,578
Total financial assets	14,728,984	17,639,010	14,642,981	23,776,330	70,787,305
Financial liabilities					
Due to other banks	3,810,487	1,185,289	1,004,660	1,107,280	7,107,716
Customer accounts	4,798,417	4,647,361	5,013,881	3,245,813	17,705,472
Debt securities issued	1	120,000	120,000	45,000	285,001
Other borrowed funds	3,798,512	11,550,234	9,110,389	13,192,123	37,651,258
Lease liabilities	743	3,734	1,886	10,015	16,378
Other financial liabilities	110,344	-	-	-	110,344
Subordinated debt	5,819	-	-	251,103	256,922
Total financial liabilities	12,524,323	17,506,618	15,250,816	17,851,334	63,133,091
Net liquidity gap based on expected maturities	2,204,661	132,392	(607,835)	5,924,996	7,654,214
Cumulative liquidity gap at 30 June 2024 (unaudited)	2,204,661	2,337,053	1,729,218	7,654,214	

Joint Stock Commercial Bank "Agrobank"

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

The analysis of liquidity based on expected maturity analysis of financial assets and liabilities as at 31 December 2023 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	4,910,499	-	-	-	4,910,499
Due from other banks	97,653	-	3,742	67,434	168,829
Loans and advances to customers, including finance lease receivables	7,914,554	7,325,720	15,500,807	26,750,418	57,491,499
Investment in debt securities	49,396	78,242	104,250	-	231,888
Other financial assets	36,294	-	-	-	36,294
Total financial assets	13,008,396	7,403,962	15,608,799	26,817,852	62,839,009
Financial liabilities					
Due to other banks	2,569,573	838,357	1,073,220	1,325,809	5,806,959
Customer accounts	3,775,527	3,369,466	4,976,866	3,908,183	16,030,043
Debt securities issued	1	-	120,000	40,000	160,001
Other borrowed funds	2,417,248	4,496,021	13,295,837	12,424,453	32,633,559
Lease liabilities	443	1,704	1,471	8,443	12,061
Other financial liabilities	85,863	-	-	-	85,863
Subordinated debt	4,929	-	-	246,775	251,705
Total financial liabilities	8,853,585	8,705,548	19,467,394	17,953,663	54,980,191
Net liquidity gap based on expected maturities	4,154,811	(1,301,585)	(3,858,595)	8,984,572	7,979,202
Cumulative liquidity gap at 31 December 2023	4,154,811	2,853,226	(1,005,369)	7,979,203	

The following table shows undiscounted cash flows on financial liabilities and credit-related commitments by the earliest contractual maturity. Total gross cash flow amounts outflow disclosed in these tables are contractual undiscounted cash flows on financial liabilities and credit-related commitments. In relation to financial guarantee contracts the maximum guarantee amount falls within the earliest period when the guarantee might be used.

The undiscounted maturity analysis of financial liabilities at 30 June 2024 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial liabilities					
Due to other banks	3,850,800	1,329,133	1,087,716	1,759,845	8,027,494
Customer accounts	527,366	27,556	23,775	38,711	617,408
Debt securities issued	2,467	122,129	115,110	45,868	285,574
Other borrowed funds	4,047,178	12,744,750	10,462,363	19,597,323	46,851,614
Lease liabilities	1,020	4,929	2,984	21,725	30,658
Other financial liabilities	110,344	-	-	-	110,344
Subordinated debt	7,112	6,063	7,396	381,772	402,343
Letter of credit	507,754	-	-	-	507,754
Financial guarantees issued	409,859	-	-	-	409,859
Undrawn credit lines	416,782	-	-	-	416,782
Total potential future payments for financial obligations	9,880,682	14,234,560	11,699,344	21,845,244	57,659,830

Joint Stock Commercial Bank "Agrobank"

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

The undiscounted maturity analysis of financial liabilities at 31 December 2023 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial liabilities					
Due to other banks	2,603,540	592,455	891,884	2,113,349	6,201,228
Customer accounts	4,415,498	3,441,196	4,979,017	3,393,694	16,229,405
Debt securities issued	2,467	12,329	126,478	44,458	185,732
Other borrowed funds	2,649,709	5,610,973	14,785,725	19,128,233	42,174,640
Lease liabilities	615	2,478	2,267	17,215	22,575
Other financial liabilities	85,863	-	-	-	85,863
Subordinated debt	6,200	5,958	7,269	375,192	394,620
Letter of credit	1,130,173	-	-	-	1,130,173
Financial guarantees issued	390,552	-	-	-	390,552
Undrawn credit lines	287,547	-	-	-	287,547
Total potential future payments for financial obligations	11,572,164	9,665,389	20,792,640	25,072,141	67,102,335

Customer accounts are classified in the above analysis based on contractual maturities. However, in accordance with Uzbekistan Civil Code, individuals have a right to withdraw their deposits prior to maturity if they forfeit their right to accrued interest.

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

Environmental, Social and Governance (ESG) matters. The Group acknowledges the growing importance of sustainability risks, which encompass environmental, social, and governance (ESG) risks. These risks arise from the potential impacts the Group's stakeholders (customers, suppliers, employees, the environment) may have on the organization, and conversely, the effects the Group's operations may have on them and the environment. The Group complies with all applicable environmental and regulatory laws in the jurisdictions it operates.

ESG reporting is currently in the development phase. Management is actively assessing the appropriate methods and metrics for disclosing ESG matters in line with emerging standards and regulatory expectations. Potential metrics that could be disclosed are summarized in the table below:

Eligible Green Categories	Potential Impact Reporting Metrics
Clean Transportation	<ul style="list-style-type: none"> ▪ Number of retail and/or public transportation vehicles financed ▪ Share of assets funded by Agrobank in total country's clean transportation in the same period (To measure contribution to national strategies of promoting clean transportation) ▪ Estimated annual GHG emission avoided (tCO₂e)
Renewable Energy	<ul style="list-style-type: none"> ▪ Installed renewable energy capacity (MW) ▪ Estimated annual renewable energy generation (MWh) ▪ Estimated annual GHG emission avoided (tCO₂e)
Climate change adaptation	<ul style="list-style-type: none"> ▪ Water-related: Reduced/avoided water loss (i.e. reduction in water extraction – the decrease in water extracted from natural sources such as reservoirs and waterways) in m³ ▪ Area Covered: The total area (in hectares) covered by drip irrigation systems. ▪ Cost Savings: Financial savings for farmers due to reduced water and energy use.

Joint Stock Commercial Bank "Agrobank"

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

Eligible Green Categories	Potential Impact Reporting Metrics
	<ul style="list-style-type: none">Number of Beneficiaries: The number of smallholder farms and farming units benefiting from the implementation of drip irrigation systems.

Management believes that considering reasonable supportable information available without undue cost or effort, there is no significant measurable ESG impact on ECL measurement of bank's financial assets as at 30 June 2024 (unaudited).

Climate-related risks. The Group and its customers may face 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 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 ECL measurement and considering reasonable supportable information available without undue cost or effort, there is no significant measurable climate-risk impact on ECL measurement of bank's financial assets as at 30 June 2024.

27. Management of capital

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

Under the current capital requirements set by the CBU, banks have to maintain 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: 14,5% (31 December 2023:17,4%);
- 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: 13,4% (31 December 2023: 15,2%) 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: 15,7% (31 December 2023:15.7%).

Joint Stock Commercial Bank "Agrobank"**Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024** (in millions of Uzbek soums)

Total capital is based on the Group's reports prepared under Uzbekistan Accounting Legislation and related instructions and comprises:	30 June 2024 (unaudited)	31 December 2023 (unaudited)
Tier 1 capital	10,628,576	10,713,482
Share capital	10,769,607	10,770,191
Share premium	2,001	1,416
Retained earnings	1,152,087	749,528
Less: Deductions from capital	(1,295,119)	(807,654)
Tier 2 capital	821,326	1,550,487
Net profit of the current year	17,708	750,890
Provision for standard assets	541,624	541,624
Subordinated debt	251,103	246,775
Other	10,891	11,196
Total regulatory capital	11,449,902	12,263,969
Tier 1 capital ratio	13,4%	15,2%
Regulatory capital ratio	14,5%	17,4%

The Group's objectives when managing capital are to maintain a sufficient capital base to achieve a regulatory capital ratio and Tier 1 capital ratio based on the CBU of at least 13% and 10% respectively.

28. Contingencies and commitments

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 Management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these consolidated financial statements.

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations can occur frequently. Management's interpretation of legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and federal authorities. Recent events within Uzbekistan suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation 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.

Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. Accordingly, at 30 June 2024 and 31 December 2023 no provision for potential tax liabilities had been recorded. The Group estimates that it has no potential obligations from exposure to other than remote tax risks.

Capital commitments – As at 30 June 2024, the Group had the total capital commitments of UZS 65,187 million (31 December 2023: UZS 94,941million).

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 authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized 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 authorizations to extend credit in the form of loans, guarantees or letters of credit.

Joint Stock Commercial Bank "Agrobank"

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

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, if the unused amounts were to be drawn down. 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.

Outstanding credit related commitments are as follows:

	30 June 2024 <i>(unaudited)</i>	31 December 2023
Letters of credit	507,754	1,130,173
Financial guarantees issued	409,859	390,552
Undrawn credit lines	416,782	287,547
Gross credit related commitments	1,334,395	1,808,272
Less: Commitment collateralised by cash deposits	(41,205)	(95,627)
Less: Provision for expected credit losses	(7,853)	(14,188)
Total credit related commitments	1,285,337	1,698,457

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.

As at 30 June 2024, all credit related commitments are classified as Stage 1 for ECL measurement purposes (31 December 2023: Stage 1) and they are all included in "Standard" rating for internal credit quality purposes (31 December 2023: "Standard"). There were no transitions between stages in 30 June 2024 and 31 December 2023.

Credit related commitments are denominated in currencies as follows:

	30 June 2024 <i>(unaudited)</i>	31 December 2023
USD	451,064	1,127,712
UZS	416,782	287,547
EUR	407,131	117,580
Other	59,418	275,433
Gross credit related commitments	1,334,395	1,808,272

29. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that

Joint Stock Commercial Bank "Agrobank"

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 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 3 measurements are valuations not based on observable market data (that is, unobservable inputs). The Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

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

Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The fair value of equity securities measured at fair value through other comprehensive income was determined using dividend discount model for those lacking quoted market prices in an active market or similar instruments. The management of the Bank classified these operations as Level 3 fair value hierarchy.

The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

30 June 2024 (unaudited)			
Investments in equity securities	Level 1	Level 3	Total
Corporate shares	28,483	159,680	188,163
Total investment in equity securities	28,483	159,680	188,163
31 December 2023			
Investments in equity securities	Level 1	Level 3	Total
Corporate shares	28,323	92,061	120,384
Total investment in equity securities	28,323	92,061	120,384

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

	30 June 2024 (unaudited)	31 December 2023
Balance at 1 January	92,061	25,311
Purchases	66,400	67,067
Other comprehensive income	1,219	(317)
Balance at period end	159,680	92,061

Significant portion (UZS 134 billion) of the Level 3 equity investments are based on the recent transactions deemed to approximate their fair value, while remaining are assessed to be immaterial and there were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in these Level 3 fair value measurements during the period.

Assets and liabilities not measured at fair value but for which fair value is disclosed

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 financial statements approximate their fair values.

The fair value of financial assets and financial liabilities at 30 June 2024 (unaudited) is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Due from other banks	144,202	139,769	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Investment in debt securities	347,885	373,386	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Loans and advances to customers, including finance lease receivables						
-Corporate loans	52,936,784	52,775,308	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
-Individuals	8,737,041	8,638,027	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
-State and municipal organisations	3,382,453	3,287,088	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
Due to other banks	7,107,716	7,269,773	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Customer accounts						
-Term deposits	14,904,662	13,275,819	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
-Current accounts	2,800,810	2,802,351	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Debt securities issued	285,001	304,131	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Other borrowed funds	37,651,258	37,799,067	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Credit related commitments						
-Letters of credits	4,631	4,612	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
-Financial guarantees issued	8,179	6,888	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
-Undrawn credit lines	3,536	2,294	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value

As at 30 June 2024, the Group determined fair value for some of its financial assets and liabilities using the discounted cash flow model by applying CBU statistical bulletin which became open to public starting 2019. Such financial instruments were categorised as Level 2.

For those financial instruments where interest rates were not directly available in the CBU statistical bulletin, the Management used discounted cash flow model by applying market interest rates based on the rates of the deals concluded towards the end of the reporting period, thereby, categorizing such instruments as Level 3.

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

The Fair value of financial assets and financial liabilities at 31 December 2023 is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Due from other banks	168,829	153,906	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Investment in debt securities	231,888	245,675	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Loans and advances to customers, including finance lease receivables:						
-Corporate loans	43,429,756	44,885,597	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
-Individuals	10,372,469	8,596,426	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
-State and municipal organisations	3,689,274	3,626,004	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
Due to other banks	5,806,959	5,900,321	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Customer accounts:						
-Term deposits	13,369,023	12,771,195	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
-Current accounts	2,661,020	2,659,298	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Debt securities issued	160,001	173,704	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Other borrowed funds	32,633,559	31,979,039	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Credit related commitments*						
- Letters of credits	10,242	10,022	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
- Financial guarantees issued	7,733	6,241	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
- Undrawn credit lines	2,460	2,479	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value

*The comparative information was revised to reflect the fair value of the commitment rather than the fair value of committed funds.

30. Related party transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

- "Significant shareholders" – legal entities-shareholders which have a significant influence to the Group through Government;
- "Key management personnel" – members of the Management Board and the Council of the Bank (30 June 2024: 9 members; 31 December 2023: 9 members);
- "Government related entities" – entities that are controlled, jointly controlled or significantly influenced by the Government.

The Government of the Republic of Uzbekistan directly and indirectly controls the Group and has significant influence over a number of entities through its government agencies and other organizations (together referred to as "government related entities"). The Group enters into banking transactions with these entities including but not limited to lending, deposit taking, cash settlements, obtaining borrowings etc.,. 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. 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.

Key management compensation is presented below:

	Six months ended 30 June	Six months ended 30 June
	2024 (unaudited)	2024 (unaudited)
Salaries and other short term benefits	2,725	2,073
Social security contribution	324	247
Pension fund	3	2
Total	3,052	2,322

At 30 June 2024 (unaudited), the outstanding balances with related parties were as follows:

	Government related entities	Associates	Key management personnel	Total
Cash and cash equivalents	2,022,180	-	-	2,022,180
-credit loss allowance	125	-	-	125
Due from other banks	91,266	-	-	91,266
-credit loss allowance	93	-	-	93
Loans and advances to customer	3,448,696	-	423	3,449,119
-credit loss allowance	93,668	-	4	93,672
Investment in debt securities	298,707	-	-	298,707
Other assets	5,405	-	-	5,405
Due to other banks	3,595,196	-	-	3,595,196
Customer accounts	6,770,115	-	511	6,770,626
Other borrowed funds	20,992,825	-	-	20,992,825
Debt securities issued	165,000	-	-	165,000
Subordinated debt	251,103	-	-	251,103

Joint Stock Commercial Bank "Agrobank"
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Information for the Six Months Ended 30 June 2024 (in millions of Uzbek soums)

At 31 December 2023, the outstanding balances with related parties were as follows:

	Government related entities	Associates	Key management personnel	Total
Cash and cash equivalents	1,615,879	-	-	1,615,879
-credit loss allowance	35	-	-	35
Due from other banks	105,198	-	-	105,198
-credit loss allowance	197	-	-	197
Loans and advances to customer	3,783,122	-	-	3,783,122
-credit loss allowance	87,562	-	-	87,562
Investment in debt securities	231,888	-	-	231,888
Other assets	3,427	200	-	3,627
Due to other banks	2,916,439	-	-	2,916,439
Customer accounts	6,389,195	-	530	6,389,725
Other borrowed funds	16,498,843	-	-	16,498,843
Debt securities issued	160,000	-	-	160,000
Subordinated debt	251,705	-	-	251,705

The income and expense items with related parties for 30 June 2024 were as follows:

	Government related entities	Associates	Key management personnel	Total
Interest income	254,641	-	-	254,641
Interest expense	(334,338)	-	-	(334,338)
Fee and commission income	5,846	-	-	5,846

The income and expense items with related parties for 31 December 2023 were as follows:

	Government related entities	Associates	Key management personnel	Total
Interest income	235,989	-	-	235,989
Interest expense	(1,191,257)	-	-	(1,191,257)
Fee and commission income	9,852	-	-	9,852

31. Subsequent events

In July 2024, the Central Bank of the Republic of Uzbekistan decreased the base rate to 13.5% per annum.

The management of the Group monitors the current developments in the economic and political environment and takes the measures it deems necessary to maintain the sustainability and development of the Bank's business in the near future. However, the consequences of these events and related future changes may have a significant impact on the Group's operations.

32. Abbreviations

The list of the abbreviations used in these consolidated financial statements is provided below:

Abbreviation	Full name
AC	Amortised Cost
CBU	The Central Bank of the Republic of Uzbekistan
CCF	Credit Conversion Factor
EAD	Exposure at Default
ECL	Expected Credit Loss
EIR	Effective interest rate
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX, Forex	Foreign Currency Exchange
IFRS	International Financial Reporting Standard
IRB system	Internal Risk-Based system
L&R	Loans and Receivables
LGD	Loss Given Default
PD	Probability of Default
ROU asset	Right of use asset
SICR	Significant Increase in Credit Risk
SME	Small and Medium-sized Enterprises
SPPI	Solely Payments of Principal and Interest
SPPI test	Assessment whether the financial instruments' cash flows represent Solely Payments of Principal and Interest

**JOINT STOCK COMMERCIAL BANK
"AGROBANK" AND ITS SUBSIDIARIES**



Agrobank

**Consolidated Financial Statements and
Independent Auditor's Report**
For the Year Ended 31 December 2023

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Table of contents

Independent Auditor's Report

Consolidated Financial Statements for the year ended 31 December 2023:

Consolidated Statement of Financial Position	2
Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5

Notes to the Consolidated Financial Statements:

1	Organisation	6
2	Operating Environment of the Group	7
3	Material Accounting Policy Information	8
4	Critical accounting judgements and key sources of estimation uncertainty	11
5	Application of new and revised Standards	13
6	Segment reporting	14
7	Cash and cash equivalents	17
8	Due from other banks	18
9	Loans and advances to customers, including finance lease receivables	19
10	Investment securities	25
11	Property, equipment and intangible assets	26
12	Other assets	27
13	Due to other banks	27
14	Customer accounts	28
15	Debt securities issued	28
16	Other borrowed funds	29
17	Other liabilities	31
18	Subordinated debt	31
19	Share capital	32
20	Reconciliation of liabilities arising from financing activities	33
21	Interest income and expense	33
22	Fee and commission income and expense	34
23	Other operating income	34
24	Administrative and other operating expenses	34
25	Income taxes	35
26	Earnings per share	37
27	Financial risk management	37
28	Management of capital	46
29	Contingencies and commitments	47
30	Fair value of financial instruments	48
31	Related party transactions	52
32	Subsequent events	53
33	Abbreviations	54

Independent Auditor's Report

To the Shareholders and Supervisory Board of Joint-Stock Commercial Bank "Agrobank":

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Joint-Stock Commercial Bank "Agrobank" (the "Bank") and its subsidiaries (together – the "Group") as at 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan and auditor's independence requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan.



Suhrab Azimov
General Director/Certified Auditor

Audit Organization "PricewaterhouseCoopers" LLC
88A, prospekt Mustaqillik, Mirzo-Ulugbek district, Tashkent 100000, Republic of Uzbekistan
T: +998 78 120 6101, www.pwc.com/uz

Our audit approach

Overview



- Overall Group materiality: UZS 115,000 million, which represents 1% of net assets.
- We performed full scope audit procedures on the separate financial statements of the Bank and selected audit procedures on the material balances and transactions of subsidiaries included in the consolidated financial statements of the Group.
- Assessment of expected credit loss (ECL) allowance for loans and advances to customers, including finance lease receivables in accordance with IFRS 9, Financial Instruments.

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

Materiality

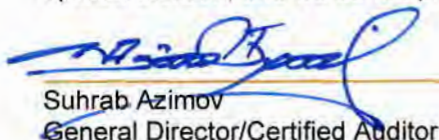
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or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

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

Overall Group materiality	UZS 115,000 million
How we determined it	We determined overall materiality as being 1% of the net assets.
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is the benchmark against which the long-term financial health and stability of the Group is most commonly measured by the users of these consolidated financial statements and is an alternative benchmark when profit before tax is low and/or volatile from year to year. We chose 1% which is consistent with quantitative materiality thresholds used for the selected benchmark.

Key audit matters

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



Suhrab Azimov
General Director/Certified Auditor

Key audit matter

Assessment of expected credit loss (ECL) allowance for loans and advances to customers, including finance lease receivables in accordance with IFRS 9, Financial Instruments.

We considered expected credit loss allowances for loans and advances to customers, including finance lease receivables as a key audit matter due to the significance of these assets and a complex financial reporting standard, which requires significant judgment to determine the ECL allowance.

Key areas of judgment and sources of estimation uncertainty included:

- Classification of loans and advances to customers, including finance lease receivables into stages in accordance with IFRS 9;
- Key estimates and modelling assumptions used to estimate key risk parameters – probability of default and loss given default; and
- Estimated future cashflows for loans that were assessed on an individual basis.

Note 3 "Material accounting policy Information", Note 4 "Critical judgements and key sources of estimation uncertainty", Note 9 "Loans and advances to customers, including finance lease receivables" and Note 27 "Financial risk management" to the consolidated financial statements provide detailed information on the expected credit loss allowance.

How our audit addressed the key audit matter

In assessing the ECL allowance we have performed, among others, the following audit procedures:

- We assessed the methodology and models for ECL allowance assessment developed by the Group in order to evaluate its compliance with IFRS 9 requirements. We focused our procedures on: default definition, factors for determining significant increase in credit risk, classification of the loans and advances to customers to stages, and estimation of key risk parameters.
- On a sample basis we tested segmentation and analysed significant loans and advances to corporate customers, including state and municipal organisations, which had not been identified by management as either having had a significant increase in credit risk or defaulted, and formed our own judgement as to whether that was appropriate.
- We assessed the design and on a sample basis tested operating effectiveness of controls over the processes that identify overdue loans.
- To verify data accuracy and quality, on a sample basis, we tested the data used in the ECL calculation by reconciling to source data including loan agreements and collateral agreements.
- We involved our experts to review the Group's ECL methodology and models as well as assumptions used in ECL calculation. On a sample basis we tested the assumptions, inputs and formulas used in ECL models for collective allowance assessment. This included assessing the appropriateness of model design and formulas used, and recalculating the probability of default and loss given default.



Suhrab Azimov
General Director/Certified Auditor

Key audit matter

How our audit addressed the key audit matter

- For the loans assessed individually, on a sample basis, we assessed the Group's estimation of expected cash flows in various scenarios and key assumptions, including the timing of collateral collection and realisable value of collateral. We assessed the relevance of the scenarios used and their probability, and calculation of the present value of cash flows.
- On an overall basis we checked the Group's assessment of the effect of forward-looking information on the level of ECL. In particular, we assessed whether forecasted macroeconomic variables were appropriately assessed (such as GDP, inflation, export, import and unemployment rates), compared input data to the external sources and checked appropriateness of the model used.
- We assessed the adequacy and appropriateness of disclosures for compliance with IFRS.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Bank and 10 subsidiaries. Our audit procedures included full scope audit of the Bank's separate financial statements. The Bank represents more than 99% of the Group's total net assets and more than 99% of the Group's total comprehensive income for the year ended 31 December 2023. In respect of subsidiaries, we focused our audit work on the balances and transactions that were significant for the Group.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

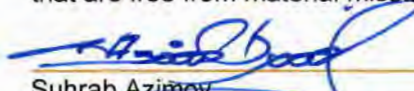
Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



Suhrab Azimov
General Director/Certified Auditor

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Suhrab Azimov
General Director/Certified Auditor

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory information

Report of findings from procedures performed in accordance with the requirements of the Law No. 580, dated 5 November 2019, On Banks and Banking Activity

Management is responsible for the Bank's compliance with prudential ratios and for maintaining internal controls and organizing risk management systems in accordance with the requirements established by the Central Bank of the Republic of Uzbekistan.

In accordance with Article 74 of the Law No. 580, dated 5 November 2019, On Banks and Banking Activity (the "Law"), we have performed procedures to check:

- the Bank's compliance with prudential ratios as at 31 December 2023 established by the Central Bank of the Republic of Uzbekistan;
- whether the elements of the Bank's internal control and organization of its risk management systems comply with the requirements established by the Central Bank of the Republic of Uzbekistan.

These procedures were selected based on our judgment, and were limited to the analysis, inspection of documents, comparison of the Bank's internal policies, procedures and methodologies with the applicable requirements established by the Central Bank of the Republic of Uzbekistan, and recalculations, comparisons and reconciliations of numerical data and other information.

We have not performed any procedures on the accounting records maintained by the Group, other than those which we considered necessary to enable us to express an opinion as to whether the Group's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRS Accounting Standards.

Our findings from the procedures performed are reported below.

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

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

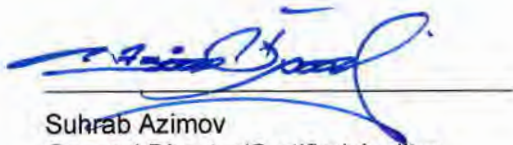
- As at 31 December 2023, the Bank's internal audit function was subordinated to, and reported to, the Supervisory Board, and the risk management function was not subordinated to, and did not report to, divisions taking relevant risks in accordance with the regulations and recommendations issued by the Central Bank of the Republic of Uzbekistan.



Suhrab Azimov
General Director/Certified Auditor

- The frequency of reports prepared by the Bank's internal audit function during 2023 was in compliance with the requirements of the Central Bank of the Republic of Uzbekistan. The reports were approved by the Bank's Supervisory Board and included observations made by the Bank's internal audit function in respect of internal control systems.
- As at 31 December 2023 the Bank has the established Information security function as required by the Central Bank of the Republic of Uzbekistan, and the information security policy was approved by the Bank's Management Board. Information security function was subordinated to, and reported directly to, the Chairman of the Management Board.
- Reports by the Bank's Information security function to the Chairman of the Management Board during 2023 included assessment and analysis of information security risks, and results of actions to manage such risks.
- The Bank's internal documentation, effective on 31 December 2023, establishing the procedures and methodologies for identifying and managing the Bank's significant risks: external-internal fraud risk, process management risk, business disruptions and system failures/IT risk, and for stress-testing, was approved by the authorised management bodies of the Bank in accordance with the regulations and recommendations issued by the Central Bank of the Republic of Uzbekistan.
- As at 31 December 2023, the Bank maintained a system for reporting on the Bank's significant risks, and on the Bank's capital to the Central Bank of Uzbekistan.
- The frequency of reports prepared by the Bank's risk management and internal audit functions during 2023, which cover the Bank's significant risks management, was in compliance with the Bank's internal documentation. The reports included observations made by the Bank's risk management and internal audit functions as to their assessment of the Bank's significant risks, risk management system and recommendations for improvement.
- As at 31 December 2023, the Supervisory Board and Executive Management of the Bank had responsibility for monitoring the Bank's compliance with the risk limits and capital adequacy ratios established in the Bank's internal documentation. In order to monitor the effectiveness of the Bank's risk management procedures and their consistent application during 2023, the Supervisory Board and Executive Management of the Bank periodically discussed the reports prepared by the risk management and internal audit functions, and considered the proposed corrective actions.

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



Suhrab Azimov
General Director/Certified Auditor
Certificate of auditor No. 05338
dated 7 November 2015 issued by the
Ministry of Economy and Finance of
Uzbekistan

Certificate of auditor No. 28
dated 25 August 2023 issued by the
Central Bank of Uzbekistan

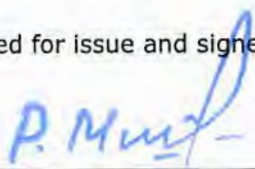
Audit Organization "PricewaterhouseCoopers" LLC

Audit Organization "PricewaterhouseCoopers" LLC
Tashkent, Uzbekistan
21 June 2024


Joint Stock Commercial Bank "Agrobank",
Consolidated Statement of Financial Position
(in millions of Uzbek soums)

	Notes	31 December 2023	31 December 2022
ASSETS			
Cash and cash equivalents	7,30	4,910,499	4,416,753
Due from other banks	8,30	168,829	187,588
Loans and advances to customers, including finance lease receivables	9,30	57,491,499	44,834,442
Investment debt securities	3,10,30	231,888	876,065
Investment in equity securities	3,10,30	120,384	30,413
Investment in associates		38,306	52,511
Deferred income tax assets	25	256,302	161,245
Property, equipment and intangible assets	11	2,826,709	1,974,757
Right-of-use assets		11,031	5,756
Other assets	12	609,937	248,185
Current income tax prepayment		8,634	159,953
TOTAL ASSETS		66,674,018	52,947,668
LIABILITIES			
Due to other banks	13,30	5,806,959	2,664,342
Customer accounts	14,30	16,030,043	13,642,653
Debt securities issued	15,30	160,001	270,001
Other borrowed funds	16,30	32,633,559	26,780,835
Lease liabilities		12,061	6,329
Other liabilities	17	288,499	179,609
Current income tax liabilities		-	153,656
Subordinated debt	18,30	251,705	229,749
TOTAL LIABILITIES		55,182,827	43,927,174
EQUITY			
Share capital	19	8,929,005	8,579,005
Additional paid-in capital	19	1,866,232	-
Share premium	19	1,412	1,412
Treasury shares	19	(115)	(115)
Revaluation reserve for investment securities		25,928	4,882
Retained earnings		661,085	412,267
Equity attributable to owners of the Bank		11,483,547	8,997,451
Non-controlling interest		7,644	23,043
TOTAL EQUITY		11,491,191	9,020,494
TOTAL LIABILITY AND EQUITY		66,674,018	52,947,668

Approved for issue and signed on behalf of Management Board on 21 June 2024.


Mamatkulov R.U.
Chairman of the Board



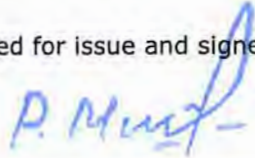

Yuldoshov A.O.
Chief Accountant

The notes on pages 6-53 form an integral part of these consolidated financial statements.


Joint Stock Commercial Bank "Agrobank",
Consolidated Statement of Profit or Loss and Other Comprehensive Income
(in millions of Uzbek soums)

	Notes	2023	2022
Interest income calculated using the effective interest method	21	8,534,494	5,291,620
Other similar income	21	179,887	21,265
Interest expense	21	(5,007,245)	(3,055,490)
Net margin on interest and similar income	21	3,707,136	2,257,395
Provision for expected credit losses	9	(2,084,103)	(1,241,534)
Net margin on interest and similar income after credit loss allowance		1,623,033	1,015,861
Fee and commission income	22	752,938	853,474
Fee and commission expense	22	(389,917)	(478,267)
Loss on initial recognition on interest bearing assets		(19,173)	-
<i>Net gains from foreign currencies:</i>			
- dealing transactions		815,238	776,299
- translation differences		48,578	13,073
Dividend income		2,418	6,366
Share of result of associates		1,601	359
Other operating income	23	142,672	40,128
Provision for impairment on other non-financial assets (Provision)/Recovery for expected credit losses on other financial assets and credit related commitments		(10,390)	(6,927)
Administrative and other operating expenses	24	(2,595,397)	(1,912,798)
Profit before tax		384,279	300,265
Income tax expense	25	(150,713)	(106,807)
NET PROFIT FOR THE YEAR		233,566	193,458
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
- Net gain arising from revaluation of equity securities		26,308	-
- Income tax recorded directly in other comprehensive income		(5,262)	-
Other comprehensive income for the year		21,046	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		254,612	193,458
Profit is attributable to:			
-Owners of the Bank		248,964	199,514
-Non-controlling interest		(15,398)	(6,056)
Net profit for the year		233,566	193,458
Total comprehensive income is attributable to:			
- Owners of the Bank		270,010	199,514
- Non-controlling interest		(15,398)	(6,056)
Total comprehensive income for the year		254,612	193,458
Earnings per ordinary share for profit attributable to the owners of the Bank, basic and diluted in UZS	26	34	28

Approved for issue and signed on behalf of Management Board on 21 June 2024.


Mamatkulov R.U.
Chairman of the Board




Yuldoshov A.O.
Chief Accountant

The notes on pages 6-53 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank"
Consolidated Statement of Changes in Equity
(in millions of Uzbek soums)

	Attributable to owners of the Bank							Total equity
	Share capital	Additional paid-in capital	Share premium	Treasury shares	Revaluation reserve for investment securities	Retained earnings	Equity attributable to owners of the Bank	
1 January 2022	5,632,829	2,946,176	1,412	(115)	4,882	212,899	8,798,083	8,795,475
Net profit for the year	-	-	-	-	-	199,514	199,514	193,458
Total comprehensive income for 2022	-	-	-	-	-	199,514	199,514	193,458
Shares issued	18	2,946,176	-	-	-	-	-	31,707
Dividends declared - preferential shares	-	(2,946,176)	-	-	-	(146)	(146)	(146)
31 December 2022	8,579,005	-	1,412	(115)	4,882	412,267	8,997,451	9,020,494
Net profit/ (loss) for the year	-	-	-	-	-	248,964	248,964	233,566
Other comprehensive income for the year	-	-	-	-	21,046	-	21,046	21,046
Total comprehensive income for 2023	-	-	-	-	21,046	248,964	270,010	254,612
Shares issued	18	1,866,232	-	-	-	-	2,216,232	2,216,232
Dividends declared - preferential shares	-	-	-	-	-	(146)	(146)	(146)
31 December 2023	8,929,005	1,866,232	1,412	(115)	25,928	661,085	11,483,547	11,491,191

Approved for issue and signed on behalf of Management Board on 21 June 2024.

P. Mamatkulov

Mamatkulov R.U.
Chairman of the Board



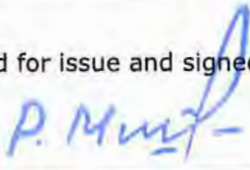
Yuldoshov A.O.
Chief Accountant

The notes on pages 6-53 form an integral part of these consolidated financial statements.

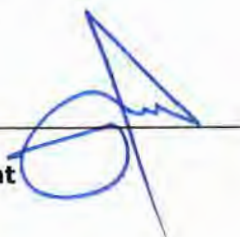
Joint Stock Commercial Bank "Agrobank", Consolidated Statement of Cash Flows
(in millions of Uzbek soums)

	Notes	2023	2022
Cash flows from operating activities			
Interest received		6,142,820	4,707,730
Interest paid		(4,780,817)	(2,945,237)
Fee and commission received		756,456	847,062
Fee and commission paid		(389,917)	(478,267)
Income received from trading in foreign currencies		815,238	776,299
Other income received		143,051	29,858
Staff costs paid		(1,519,533)	(1,091,122)
Administrative and other operating expenses paid		(566,303)	(801,685)
Income tax paid		(248,107)	(88,658)
Cash flows from operating activities before changes in operating assets and liabilities		352,888	955,980
<i>Net (increase) / decrease in:</i>			
- due from other banks		7,127	37,061
- loans and advances to customers		(10,405,010)	(13,140,172)
- other assets		(637,563)	(16,990)
<i>Net increase / (decrease) in:</i>			
- due to other banks		2,804,959	381,262
- customer accounts		2,141,333	1,348,421
- debt securities issued		(110,000)	159,035
- other liabilities		128,783	9,244
Net cash used in operating activities		(5,717,483)	(10,266,159)
Cash flows from investing activities			
Acquisition of premises, equipment and intangible assets		(1,002,478)	(758,181)
Proceeds from sale of premises and equipment		8,532	12,470
Acquisition of equity securities (FVOCI)		(67,067)	-
Acquisition of debt securities		(233,746)	(886,085)
Proceeds from redemption of investment securities		876,065	1,955,871
Acquisition of investment in associate		-	(767)
Dividend income received		2,418	6,366
Net cash flow from/(used in) investing activities		(416,276)	329,674
Cash flows from financing activities			
Issue of share capital	19	350,000	-
Proceeds from long-term placements of other banks	20	145,429	1,244,950
Repayment of long-term placements of other banks	20	(45,649)	(15,369)
Proceeds from other borrowed funds	20	38,479,788	27,029,727
Repayment of other borrowed funds	20	(32,490,834)	(17,372,688)
Dividends paid		(146)	(146)
Repayment of lease liabilities		(6,302)	(5,861)
Net cash from financing activities		6,432,286	10,880,613
Effect of exchange rate changes on cash and cash equivalents		195,365	61,293
Effect of expected credit loss	7	(146)	(341)
Net increase in cash and cash equivalents		493,746	1,005,080
Cash and cash equivalents at the beginning of the year	7	4,416,753	3,411,673
Cash and cash equivalents at the end of the year		4,910,499	4,416,753

Approved for issue and signed on behalf of Management Board on 21 June 2024.


Mamatkulov R.U.
Chairman of the Board




Yuldoshov A.O.
Chief Accountant

The notes on pages 6-53 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

1. Organisation

The Bank is a Joint Stock Company set up in accordance with Uzbekistan legislation.

The Bank was established in 1995 under the laws of the Republic of Uzbekistan and has operated under the banking license #78 re-issued by the Central Bank of Uzbekistan ("CBU") on 21 October 2017 (see the note 31).

Principal activity. The Bank's principal activities are commercial banking, retail banking, operations with securities, foreign currencies and originating loans and guarantees. The Bank accepts deposits from legal entities and individuals and grants loans, transfers payments within Uzbekistan and abroad. The Bank conducts its banking operations from its head office in Tashkent and 171 branches within Uzbekistan as of 31 December 2023 (31 December 2022: 171 branches).

The Bank participates in the state deposit insurance scheme introduced by the Uzbek Law #360-II "Insurance of Individual Bank Deposit" dated 5 April 2002. On 28 November 2008, the President of the Republic of Uzbekistan issued Decree No. UP-4057, according to which 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.

The Government of Uzbekistan is the ultimate controlling party of the Bank. A substantial volume of the Bank's operations is with entities controlled directly or indirectly by the Government of Uzbekistan. As such, the Bank's strategy reflects the Government's strategy in developing the country's economy. Namely, the Bank plays a significant role in the distribution of funds of the country's budget, which flow through the Bank to different governmental agencies and state owned and controlled entities. In addition, being an agent of the Government in financing cotton and grain related sectors of the economy, the Bank channels funds of the State Support Fund for Agriculture under the Ministry of Economy and Finance of the Republic of Uzbekistan among state entities related to these sectors.

Registered address and place of business. The Bank's registered address is: 2a, B.Zokirov Street, Tashkent, Uzbekistan, (At 31 December 2022: 43, Mukimiy street Tashkent, Note 31).

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

Shareholders. At 31 December 2023 and 2022, the interest of the shareholders in the Bank's capital was as follows:

in %	31 December 2023	31 December 2022
Ministry of Economy and Finance of the Republic of Uzbekistan	54.10	52.22
The Fund of Reconstruction and Development of the Republic of Uzbekistan	44.60	46.32
Other legal entities (individually hold less than 1%)	1.31	1.37
Other shareholders (individually hold less than 1%)	0.08	0.09
Total	100	100

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

Subsidiaries. These consolidated financial statements include the following subsidiaries as at 31 December 2023 and 2022:

Subsidiary	Ownership		Country	Industry
	31 December 2023	31 December 2022		
"Leader Finance" LLC	100%	100%	Uzbekistan	Depository
"Agro Finans Lizing" JSC	99,9%	99,9%	Uzbekistan	Leasing Agricultural laboratory
"Agrolab O'HQM" LLC	100%	100%	Uzbekistan	laboratory
"University of Digital Economics and Agrotechnologies" LLC	51%	51%	Uzbekistan	University
"Agro In Vitro" LLC	100%	100%	Uzbekistan	In vitro laboratory
"Leader Finance Capital" LLC	100%	100%	Uzbekistan	Brokerage service
"Toshkent Index ETF" JSC	100%	100%	Uzbekistan	Fund Management
"Fermerlar Maktabi" LLC	100%	100%	Uzbekistan	Training school
"Suvchilar Maktabi" LLC	100%	100%	Uzbekistan	Training school
"Smart Bank" JSCB	100%	-	Uzbekistan	Bank

"Leader Finance" LLC was registered in Tashkent city on 30 April 1998. The activities of the company include depository services, as well as acting as investment agent and consultant.

"Agro Finans Lizing" JSC was registered in Tashkent city on 17 March 2006. Starting from January 2020 the company has changed its main activity from sale and lease of agriculture machinery and spare parts of building greenhouses and electric cars across the country and selling and leasing them upon completion.

"Agrolab O'HQM" LLC was registered in Tashkent city on 31 August 2021. The company operates agricultural laboratories.

"University of Digital Economics and Agrotechnologies" LLC was registered in Tashkent city on 7 January 2022. The university's concept is to conduct its activity on digital economics and agricultural technologies.

"Agro In Vitro" LLC was registered in Jizzax region on 10 August 2022. The company's activities include "in vitro" laboratories.

"Leader Finance Capital" LLC was registered in Tashkent city on 21 December 2022. The activities of the company include brokerage services for contracts for securities and commodities.

"Toshkent Index ETF" JSC was registered in Tashkent city on 17 August 2021. The company operates fund management.

"Fermerlar Maktabi" LLC was registered in Tashkent city on 31 March 2022. The company operates on farming and agricultural sphere as a training organisation.

"Suvchilar Maktabi" LLC was registered in Tashkent city on 24 December 2022. The company operates on watering and agricultural sphere as a training organisation.

"Smart Bank" JSCB was established by the Group, registered in Tashkent city on 6 February 2023. JS "Smart Bank" is a commercial digital bank and it provides a full range of banking services.

2. Operating environment of the Group

Emerging markets such as Uzbekistan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Uzbekistan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations.

The future economic direction of Uzbekistan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the regulatory, and political environment.

Because Uzbekistan produces and exports gold in large volume, its economy is sensitive to the price of gold on the world market.

During 2023, the gold price was subject to significant fluctuations with the average price of 1,940.5 USD per troy ounce (2022: 1,801.8 USD per troy ounce). For the year ended 31 December 2023, Uzbekistan's gross domestic product ("GDP") grew by 6.0% (2022: 5.7%). In 2023, inflation amounted to 8.8%, which is the lowest official inflation rate since August 2016 (in 2022, inflation was 12.3% per annum).

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

In March 2023, the Central Bank of the Republic of Uzbekistan decreased the base rate to 14% per annum ensuring that relatively tight monetary conditions are maintained in the downward dynamics of the inflation forecast. In addition, interventions on the currency market were performed to support the Uzbekistan Soum exchange rate against foreign currencies. However, there is uncertainty related to the future developments of geopolitical risks and their impact on the economy of the Republic of Uzbekistan.

Management of the Bank is monitoring developments in the economic, political, and geopolitical situation and taking measures it considers necessary to support the sustainability and development of the Bank's business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Bank's operations.

At 31 December 2023 the principle rate of exchange used for translating foreign currency balances was USD 1=UZS 12,338.77 (2022: 11,225.46) and EUR 1 = UZS 13,731.82 (2022: 11,961.85).

3. Material accounting policy information

Statement of compliance. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards").

Going concern. These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

Basis of preparation. The material accounting policy information applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 5).

The Group is required to maintain its records and prepare its financial statements for regulatory purposes in Uzbekistan Soums in accordance with Uzbekistan Accounting Legislation and related instructions. These consolidated financial statements are based on the Bank's Uzbekistan Accounting Legislation books and records, adjusted and reclassified in order to comply with IFRS Accounting Standards.

These financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the material accounting policy information below.

Consolidated financial statements. Subsidiaries are those investees, including structured entities, that the Group controls because the Group has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. Subsidiaries are consolidated from the date on which control is transferred to the Group, and are deconsolidated from the date on which control ceases.

Fees and commission. Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognized as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognized on a straight-line basis over the commitment period.

Financial instruments – initial recognition. Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement – measurement categories. The Group classifies financial assets in the following measurement categories: FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets impairment – credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and for the exposures arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability part of other liabilities in the consolidated statement of financial position.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 4 for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained further.

The Group defines individually significant loans as loans with total outstanding balances exceeding the threshold of 0.1% of the Group's loan portfolio as at reporting date. ECL for individually significant loans in Stage 3 are assessed on an individual basis, whereas, ECL for individually significant loans in Stage 1 and 2 are assessed on a collective basis (see Note 4).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12 months ECL.

Financial assets – write-off. Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial liabilities – classification, subsequent assessment and profit and loss. Financial liabilities are classified as measured at amortized cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign currency gains and losses are recognized in profit or loss. Any gain or loss arising on derecognition is also recognized in profit or loss.

Loans and advances to customers. Loans and advances to customers' caption in the consolidated statement of financial position include: loans and advances to customers measured at amortized cost (see Note 8); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost less ECL using the effective interest method.

Deposits, debt securities issued and subordinated liabilities. Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

Cash and cash equivalents. Cash and cash equivalents consist of cash on hand, amounts due from the CBU (excluding obligatory reserves) and amounts due from credit institutions that mature within 90 days of the date of origination and are free from contractual encumbrances.

Investment securities. Investment securities includes equity securities measured at fair value, with fair value changes recognized immediately in other comprehensive income and debt securities measured at amortised cost.

Amounts due to and due from credit institutions. In the normal course of business, the Group advances amounts due from credit institutions for various periods of time. Amounts due from other banks are not available for immediate or short-term sale and are carried at amortized cost using the effective interest rate if they have fixed maturities. Amounts that do not have fixed maturities are carried at amortized cost based on the expected maturities of those assets. Amounts due from credit institutions are carried net of any provision for impairment losses.

Mandatory reserve deposits with CBU represent mandatory reserve deposits which are not available to finance the Bank's day to day operations. Obligatory reserves with CBU are included in amounts due from

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

credit institutions for the purposes of the statement of cash flows.

Amounts due to credit institutions are recorded when cash or other assets are advanced to the Group by counterparty banks. These non-derivative financial liabilities are carried at amortized cost.

Leases. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Customer accounts. Customer accounts are non-derivative financial liabilities to individuals, state or corporate customers and are carried at amortized cost.

Other borrowed funds. Other borrowings funds are non-derivative liabilities from state and financial institutions and are carried at amortized cost.

Subordinated debt. Subordinated debt can only be paid in the event of a liquidation after the claims of other higher priority creditors have been met. Subordinated debt is carried at amortised cost.

Offsetting of financial instruments. Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Property and equipment. Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying amount of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Depreciation of premises and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	<u>Useful lives in years</u>
Building and premises	20-30
Office and computer equipment	5-10

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Share capital. Ordinary shares and non-redeemable preference shares with discretionary dividend rights are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are recorded as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognized share premium.

Earnings per share. Earnings per share are determined by dividing the profit or loss attributable to equity holders of the Bank by the weighted average number of shares outstanding during the reporting year.

Staff costs and related contributions. Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

Taxation. The current income tax charge is calculated in accordance with the regulations of the Republic of Uzbekistan and the cities in which the Bank has offices, branches and subsidiaries.

Deferred tax assets and liabilities are calculated in respect of all temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for consolidated financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

by the reporting date.

Deferred income tax is recognized on temporary differences arising on investments in subsidiaries, associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Segment information. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Changes in presentation. During the year, the Group revised its presentation of investment securities, separating "Investments in equity securities" measured at FVOCI from debt securities measured at AC. Management believes this new presentation aligns with IFRS accounting standards and provides more reliable and relevant information. These changes were applied retrospectively, resulting in revised comparative figures as of 31 December 2022:

	As originally presented	Reclassification	As revised at 31 December 2022
Investments securities	906,478	(906,478)	-
Investments in debt securities	-	876,065	876,065
Investments in equity securities	-	30,413	30,413

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Group management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Determination of fair value of the assets with non-market terms. Loans issued by the Group in accordance with the instructions of the authorities do not have similar financial instruments in the market, have been granted under government programs and due to their uniqueness and the specifics of the government lending program and category of borrowers, form a separate market segment. Therefore, the management believes that contractual interest rates are market rates for such loans and therefore the Group initially recognizes loans at fair value, which equals their nominal value.

Other borrowed funds. The Group obtains long term financing from government, state and international financial institutions at interest rates at which such institutions ordinarily lend in emerging markets and which may be lower than rates at which the Group could source the funds from local lenders. As a result of this financing, the Group is able to advance funds to specific customers at advantageous rates. The Management has considered whether gains or losses should arise on initial recognition of these instruments and its judgment is that these funds are at the market rates and no initial recognition gains or losses should arise. In making this judgment the Management also considered that these instruments are a separate market sector.

Where liabilities that do not have related assets are raised under terms that are different from market terms, the fair value of the liability is determined using valuation techniques that discount the liability at the interest rate determined as the market average for similar liabilities at the date of initial recognition.

Forward-looking information incorporated in the ECL models. The allowances for ECL of financial assets in the consolidated financial statements have been determined on the basis of existing economic and political conditions. The Group incorporates forward-looking information into a measurement of ECL when there is a statistically proven correlation between the macro-economic variables and the NPL. As at the reporting date, statistical tests have not established a significant correlation, and therefore ECL across all loan portfolios has been adjusted for forward-looking information using the management judgement. The Management updates its statistical tests for correlation as at each reporting date. For the carrying amount of the allowance for ECL of loans and advances to customers, investment securities, other assets, cash and cash equivalents, due from other banks and contingencies and commitments refer to Notes 6, 7, 8, 9, 11, 28.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

The Group has analyzed and documented key drivers of credit risk and credit losses and, using an analysis of historical data, has assessed relationships between macro-economic variables, credit risk and credit losses. While GDP, import and export growth rates were identified as key factor. However, the analysis did not show a significant dependency of the portfolio default rate on any of these macro variables. Hence, the management used expert judgment in the assessment of forward-looking information.

The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such back testing is performed at least once a year.

Analysis of the sensitivity. The Group performed the following analysis of the sensitivity of the level of ECL on change in PD and LGD and macroeconomic coefficient by 10%:

At 31 December 2023		Increase (Decrease) in	Sensitivity of ECL	Sensitivity of Equity
<i>In millions of Uzbek soums</i>		%		
PD		+10%	109,144	(87,315)
		-10%	(109,144)	87,315
LGD		+10%	166,707	(133,366)
		-10%	(166,707)	133,366

At 31 December 2022		Increase (Decrease) in	Sensitivity of ECL	Sensitivity of Equity
<i>In millions of Uzbek soums</i>		%		
PD		+10%	75 969	(60,775)
		-10%	(75 969)	60,775
LGD		+10%	127 854	(102,284)
		-10%	(127,854)	102,284

Significant increase of credit risk. The ECL are measured as an allowance equal to 12 months ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable information.

The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative criteria have been met:

For loans and advances to corporate clients and state and municipal organisations:

- decrease in the rate of loan classification of the Borrower in comparison with its class at the date of comparison by 2 or more points and / or to the level of "unsatisfactory";
- the borrower is more than 30 days but less than 90 past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for less than 90 days due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule resulting in decrease of borrowers repayments amount within 12 months for 50% or less due to deterioration in the borrower's creditworthiness;
- the loan had experienced prolongation of loan life period for less than 12 months due to deterioration in the borrower's creditworthiness;
- property disputes between beneficiaries owning more than 20% of the borrower's shares, each for an amount exceeding 30% of the EAD;
- Revision and prolongation of loan terms is carried out on the basis of a decision of the Government bodies or other authorities/superior bodies.

For loans and advances to individuals:

- the loan has been classified as unsatisfactory in accordance with CBU instructions;
- the borrowers is more than 30 days but less than 90 past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for less than 90 days due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule resulting in decrease of borrower's repayments amount within 12 months for 50% or less due to deterioration in the borrower's creditworthiness;
- the loan had experienced prolongation of loan life period for less than 12 months due to deterioration in the borrower's creditworthiness;
- Revision and prolongation of loan terms is carried out on the basis of a decision of the Government bodies or other authorities/superior bodies.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

For other financial assets, debt securities and other treasury assets:

- deterioration of the counterparty's or issuer's rating by 2 or more notches;
- counterparty is more than 1 day past due on its contractual payments (except for cases of delay in the transfer of funds related to interbank correspondence).

Key sources of estimation uncertainty. The below are listed key estimations that the management have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

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

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

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

For purposes of measuring PD, the Group defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- the bank has sold the borrower's debt or its portion at a loss due to credit deterioration;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
 - the bank was forced to restructure the debt;
 - the borrower is deceased;
 - the borrower is insolvent;
 - the borrower is in breach of financial covenant(s);
 - it is becoming likely that the borrower will enter bankruptcy; and
 - the loans were purchased or originated at a deep discount that reflects the incurred credit losses.

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

LGD for treasury operations is determined according to the Default Study data from international rating agencies (S&P, Fitch, Moody's) and depends on the type of debt on the financial asset: senior secured/unsecured, subordinated, sovereign.

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

5. Application of new and revised Standards

The following amendments became effective from 1 January 2023:

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 with amendments issued on 25 June 2020 and 9 December 2021 and effective for annual periods beginning on or after 1 January 2023). The adoption of the standard did not have a material impact on these consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments resulted in changes in presentation of these consolidated financial statements, primarily by removing accounting policies that do not represent material accounting policy information.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates. The adoption of the amendments did not have a material impact on these consolidated financial statements.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

The amendment did not have a material impact on these consolidated financial statements.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023). The amendment did not have a material impact on these consolidated financial statements.

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

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 Group is currently assessing the impact of the amendments on its financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (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 Group is currently assessing the impact of the amendments on its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023). 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.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

6. Segment reporting

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

The main measure of the profit or loss of a segment corresponds to the IFRS based financial information, adjusted for any relevant items that are specifically identified with the segment. The management primarily relies on net interest margin as a performance measure. The other items are managed on a group basis and are not allocated to operating segments.

During 2023 and 2022 respectively, the Group has been organized into two operating segments based on products and services, as follows:

- Individuals – retail banking, individual customers' deposits and consumer loans and advances,
- Corporate – Loans and other credit facilities and deposit and current accounts for corporate and institutional customers

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's revenues are analysed by products and services in Notes 20 (interest income), Note 21 (fee and commission income) and in Note 22 (other operating income). 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 individuals which represents private banking services,

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

private customer current accounts, savings, deposits and debit cards, consumer loans. The Group does not have a single customer which Group earns over 10% its income.

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

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

	Corporate	Individuals	Total
Assets			
Cash and cash equivalents	4,880,576	29,923	4,910,499
Loans and advances to customers, including finance lease receivables	47,119,030	10,372,469	57,491,499
Due from other banks	168,829.0	-	168,829
Investment securities measured at amortised cost	352,272	-	352,272
Investment in associates	38,306	-	38,306
Total reportable segment assets	52,559,013	10,402,392	62,961,405
Liabilities			
Due to other banks	5,806,959	-	5,806,959
Customer accounts	8,836,720	7,193,323	16,030,043
Other borrowed funds	32,633,559	-	32,633,559
Debt securities issued	160,001	-	160,001
Subordinated debt	251,705	-	251,705
Total reportable segment liabilities	47,688,944	7,193,323	54,882,267

Segment information for the reportable segments for the year ended 31 December 2022 is set out below:

	Corporate	Individuals	Total
Assets			
Cash and cash equivalents	4,397,547	19,206	4,416,753
Loans and advances to customers	36,720,888	8,113,554	44,834,442
Due from other banks	187,588	-	187,588
Investment securities measured at amortised cost	906,478	-	906,478
Investment in associates	52,511	-	52,511
Total reportable segment assets	42,265,012	8,132,760	50,397,772
Liabilities			
Due to other banks	2,664,342	-	2,664,342
Customer accounts	9,263,870	4,378,783	13,642,653
Other borrowed funds	26,780,835	-	26,780,835
Debt securities issued	270,001	-	270,001
Subordinated debt	229,749	-	229,749
Total reportable segment liabilities	39,208,797	4,378,783	43,587,580

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

	2023		
	Corporate	Individuals	Total
Interest income			
Interest on Loans and advances to customers	6,866,164	1,560,680	8,426,844
Interest on balances Due from other banks	16,977	-	16,977
Interest on investment securities measured at amortised cost	90,673	-	90,673
Interest expense			
Interest on balances Due to other banks	(318,326)	-	(318,326)
Interest on Customer accounts	(1,004,863)	(891,934)	(1,896,797)
Interest on Other borrowed funds	(2,738,983)	-	(2,738,983)
Interest on Debt securities in issue	(41,877)	-	(41,877)
Interest on subordinated debt	(8,269)	-	(8,269)
Segment results	2,861,497	688,746	3,530,243

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

	2022		
	Corporate	Individuals	Total
Interest income			
Interests on Loans and advances to customers	4,748,234	187,034	4,935,268
Interests on balances Due from other banks	84,470	-	84,470
Interests on Investment securities measured at amortised cost	271,882	-	271,882
Interest expense			
Interests on balances Due to other banks	(154,342)	-	(154,342)
Interests on Customer accounts	(869,373)	(615,051)	(1,484,424)
Interests on Other borrowed funds	(1,367,154)	-	(1,367,154)
Interests on Debt securities issued	(27,183)	-	(27,183)
Interests on Subordinated debts	(13,167)	-	(13,167)
Segment results	2,673,367	(428,017)	2,245,350

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

	2023	2022
Segment results	3,530,243	2,245,350
Other similar income	179,887	21,265
Provision for expected credit losses	(2,084,103)	(1,241,534)
Loss on initial recognition on interest bearing assets	(19,174)	-
Fee and commission income	752,937	853,474
Fee and commission expense	(389,917)	(478,267)
Other interest expense	(2,993)	(9,220)
Net gain on foreign exchange translation	48,578	13,073
Net gain from trading in foreign currencies	815,238	776,299
Dividend income	2,419	6,366
Other operating income	142,672	40,128
Provision recovery for impairment on other non-financial assets	(10,390)	(6,927)
(Provision)/Recovery for expected credit losses on other financial assets and credit related commitments	12,678	(7,303)
Administrative and other operating expenses	(2,595,397)	(1,912,798)
Share of result of associates	1,601	359
Profit before tax	384,279	300,265
Income tax expense	(150,713)	(106,807)
NET PROFIT FOR THE YEAR	233,566	193,458

	31 December 2023	31 December 2022
Total reportable segment assets	62,961,405	50,397,772
Property, equipment and intangible assets	2,826,709	1,974,757
Right-of-use assets	11,031	5,756
Current income tax prepayment	13,884	159,953
Deferred income tax assets	251,052	161,245
Other assets	609,937	248,185
TOTAL ASSETS	66,674,018	52,947,668
Total reportable segment liabilities	54,882,267	43,587,580
Lease liabilities	12,061	6,329
Other liabilities	288,499	179,609
Current income tax liabilities	-	153,656
TOTAL LIABILITIES	55,182,827	43,927,174

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

7. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash on hand	1,881,310	2,377,164
Cash balances with the CBU	1,083,707	1,214,797
Correspondent accounts and overnight placements with other banks	1,946,066	825,230
Less: ECL provision	(584)	(438)
Total cash and cash equivalents	4,910,499	4,416,753

As at 31 December 2023 and 2022, the Group had no counterparties, other than CBU, whose balances of cash and cash equivalents exceeded 5% of the Group's equity.

The credit quality of cash and cash equivalents, excluding cash on hand and ECL provision balances is summarized as follows as at 31 December 2023:

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Total
- Aa2 (Moody's)	-	67,502	67,502
- AA- (Fitch)	-	4,215	4,215
- A1 (Moody's)	-	17,360	17,360
- A (Fitch)	-	16,820	16,820
- A- (Fitch)	-	1,409	1,409
- A- (S&P)	-	137,238	137,238
- Ba3 (Moody's)	1,083,707	1,693,631	2,777,338
- BB- (Fitch)	-	1,698	1,698
- B3 (Moody's)	-	1,939	1,939
- B- (Fitch)	-	4,251	4,251
- Ca (Moody's)	-	3	3
Total cash and cash equivalents, excluding cash on hand, gross	1,083,707	1,946,066	3,029,773

The credit quality of cash and cash equivalents, excluding cash on hand and ECL provision balances is summarized as follows as at 31 December 2022:

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Total
- AA- (Fitch)	-	22,943	22,943
- A1 (Moody's)	-	7,500	7,500
- A2 (Moody's)	-	200,086	200,086
- A- (Fitch)	-	8,431	8,431
- Baa3 (Moody's)	-	1	1
- BB- (Fitch)	1,214,797	563,493	1,778,290
- B (Fitch)	-	18,456	18,456
- B3 (Moody's)	-	3,140	3,140
- Caa (Moody's)	-	1,179	1,179
- CC (Fitch)	-	1	1
Total cash and cash equivalents, excluding cash on hand, gross	1,214,797	825,230	2,040,027

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

Due to absence of credit rating of CBU, the Group used sovereign rating. As at 31 December 2023, 2022 for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1.

8. Due from other banks

	31 December 2023	31 December 2022
Placements with other banks with original maturities of more than three months	71,501	90,146
Mandatory reserve with CBU	72,588	75,296
Restricted cash	25,009	22,546
Less: ECL provision	(269)	(400)
Total due from other banks	168,829	187,588

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 with foreign banks placed by the Group on behalf of its clients. The Group does not have the right to use these funds to finance its activities.

The credit quality of amounts due from other banks as at 31 December 2023:

	Placements with other banks with original maturities of more than three months	Mandatory reserve with CBU	Restricted cash	Total
- AA- (Fitch)	-	-	24,237	24,237
- A1 (Moody's)	-	-	617	617
- A- (S&P)	3,742	-	-	3,742
- BB (S&P)	2,783	-	-	2,783
- Ba3 (Moody's)	6,063	72,588	50	78,701
- BB- (Fitch)	20,486	-	5	20,491
- B1 (Moody's)	33,053	-	50	33,103
- B2 (Moody's)	133	-	50	183
- B (Fitch)	1,585	-	-	1,585
- B3 (Moody's)	3,656	-	-	3,656
Total due from other banks, gross	71,501	72,588	25,009	169,098

The credit quality of amounts due from other banks as at 31 December 2022:

	Placements with other banks with original maturities of more than three months	Mandatory reserve with CBU	Restricted cash	Total
- AA- (Fitch)	-	-	15,483	15,483
- A (Fitch)	-	-	561	561
- BB- (Fitch)	20,523	75,296	6,452	102,271
- BB (S&P)	4,247	-	-	4,247
- B1 (Moody's)	50,738	-	-	50,738
- B2 (Moody's)	2,555	-	-	2,555
- B (Fitch)	7,383	-	-	7,383
- B3 (Moody's)	4,700	-	50	4,750
Total due from other banks, gross	90,146	75,296	22,546	187,988

Amounts due from other banks are not collateralised. Refer to Note 29 for the estimated fair value of due from other banks. Interest rate analysis of due from other banks is disclosed in Note 26. Information on related party balances is disclosed in Note 31.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

As at 31 December 2023 and 2022 for the purpose of ECL measurement, due from other bank balances are included in Stage 1. As at 31 December 2023 and 2022, there were no due from other bank accounts with aggregate amounts which exceeded 10% of the Group's equity.

9. Loans and advances to customers, including finance lease receivables

	31 December 2023	31 December 2022
Corporate loans	44,592,635	34,389,737
Individuals	10,824,847	8,535,652
State and municipal organisations	3,783,122	3,195,097
Total loans and advances to customers, gross	59,200,604	46,120,486
Less: ECL provision	(1,709,105)	(1,286,044)
Total loans and advances to customers	57,491,499	44,834,442

Economic sector risk concentrations within the customer loan portfolio are as follows:

	31 December 2023		31 December 2022	
	amount	%	amount	%
Agriculture	17,457,815	29,5%	12,519,397	27,1%
Manufacturing	21,219,800	35,8%	16,763,017	36,3%
Individuals	10,824,847	18,3%	8,535,651	18,5%
- Every family - entrepreneur	7,094,202		6,194,420	
- Micro loans	2,915,362		1,687,368	
- Mortgage	815,283		653,863	
Trade	5,526,178	9,3%	4,422,306	9,6%
Construction	1,956,309	3,3%	1,633,939	3,5%
Other	2,215,655	3,8%	2,246,176	4,9%
Total loans and advances to customers, gross	59,200,604	100%	46,120,486	100%

At 31 December 2023, the Group had a concentration of loans represented by UZS 11,479,589 million due from ten largest borrowers or 19.5% of gross loans (2022: UZS 8,347,906 million or 18.1%).

Information about collateral as at 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Unsecured loans	325,551	760,410
<i>Loans collateralised by:</i>		
- insurance policy	36,332,346	26,725,292
- guarantees	10,868,027	8,845,386
- real estate	6,610,973	5,920,046
- equipment	2,291,491	2,078,091
- vehicle	2,550,158	1,608,502
- inventory	24,131	42,066
- cash deposit	21,135	20,335
- government guarantee	21	1,953
- other	176,771	118,405
Total loans and advances to customers, gross	59,200,604	46,120,486

The following tables disclose the changes in the credit loss allowance and gross carrying amount of corporate loans at AC between the beginning and the end of the reporting and comparative period:

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

Corporate loans	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	18,322,561	14,182,159	1,885,017	34,389,737
Transfer from Stage 1	(3,808,951)	3,808,951	-	-
Transfer from Stage 2	5,860,289	(7,096,958)	1,236,669	-
Transfer from Stage 3	-	411,094	(411,094)	-
Changes in EAD*	(1,610,090)	763,179	664,643	(182,268)
New financial assets originated or purchased	16,784,340	-	-	16,784,340
Financial assets that have been repaid in full	(5,361,700)	(1,768,269)	(171,347)	(7,301,316)
Write-off	-	-	(827,941)	(827,941)
Foreign exchange differences	1,100,673	563,731	65,679	1,730,083
Gross carrying amount as at 31 December 2023	31,287,122	10,863,887	2,441,626	44,592,635
Loss allowance as at 31 December 2023	(311,577)	(396,868)	(454,434)	(1,162,879)
Carrying amount net of allowance as at 31 December 2023	30,975,546	10,467,019	1,987,192	43,429,757
ECL movement corporate loans	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	102,954	507,779	222,425	833,158
Transfer from Stage 1	(23,814)	23,814	-	-
Transfer from Stage 2	229,674	(275,264)	45,590	-
Transfer from Stage 3	-	39,088	(39,088)	-
Changes in ECL*	(235,948)	159,001	1,050,199	982,253
New financial assets originated or purchased	266,340	-	-	266,340
Financial assets that have been repaid in full	(27,684)	(58,338)	(10,854)	(96,876)
Total movements with impact on credit loss allowance charge for the period	(2,709)	100,663	1,048,345	1,151,717
Write-off	-	-	(827,941)	(827,941)
Foreign exchange differences	54	788	5,103	5,944
Balance as at 31 December 2023	311,577	396,868	454,434	1,162,879
Corporate loans	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	21,799,147	2,325,651	1,278,065	25,402,863
Transfer from Stage 1	(9,020,802)	9,020,802	-	-
Transfer from Stage 2	337,810	(2,007,915)	1,670,105	-
Transfer from Stage 3	-	253,950	(253,950)	-
Changes in EAD*	(2,451,445)	4,973,627	(1,830)	2,520,352
New financial assets originated or purchased	13,079,105	-	-	13,079,105
Financial assets that have been repaid in full	(5,500,650)	(506,302)	(191,697)	(6,198,649)
Write-off	-	-	(631,541)	(631,541)
Foreign exchange differences	79,396	122,346	15,865	217,607
Gross carrying amount as at 31 December	18,322,561	14,182,159	1,885,017	34,389,737
Loss allowance as at 31 December 2022	(102,954)	(507,779)	(222,425)	(833,158)
Carrying amount net of allowance as at 31 December 2022	18,219,607	13,674,380	1,662,592	33,556,579
ECL movement Corporate loans	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	118,619	159,835	279,641	558,095
Transfer from Stage 1	(47,953)	47,953	-	-
Transfer from Stage 2	43,291	(65,152)	21,861	-
Transfer from Stage 3	-	53,560	(53,560)	-
Net change of loss provision	(147,366)	352,028	645,694	850,356
New financial assets originated or purchased	172,442	-	-	172,442
Financial assets that have been repaid in full	(35,991)	(40,208)	(40,054)	(116,253)
Total movements with impact on credit loss allowance charge for the period	(10,915)	311,820	605,640	906,545
Write-off	-	-	(631,541)	(631,541)
Foreign exchange differences	(89)	(237)	384	57
Balance as at 31 December 2022	102,954	507,779	222,425	833,158

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

The following tables disclose the changes in the credit loss allowance and gross carrying amount of individual loans at AC between the beginning and the end of the reporting and comparative period:

Individuals	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	6,865,579	270,665	1,399,408	8,535,652
Transfer from Stage 1	(519,039)	519,039	-	-
Transfer from Stage 2	1,132,865	(1,409,328)	276,463	-
Transfer from Stage 3	-	1,022,351	(1,022,351)	-
Changes in EAD*	(2,607,670)	5,849	911,796	(1,690,025)
New financial assets originated or purchased	5,944,085	-	-	5,944,085
Financial assets that have been repaid in full	(849,391)	(41,457)	(235,075)	(1,125,923)
Write-off	-	-	(839,046)	(839,046)
Foreign exchange differences	104	-	-	104
Gross carrying amount as at 31 December	9,966,532	367,120	491,195	10,824,847
Loss allowance as at 31 December 2023	(292,010)	(54,714)	(105,654)	(452,378)
Carrying amount net of allowance as at 31 December 2023	9,674,522	312,406	385,541	10,372,469
ECL movement individuals	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	100,849	17,330	303,920	422,099
Transfer from Stage 1	(11,264)	11,264	-	-
Transfer from Stage 2	248,814	(256,782)	7,968	-
Transfer from Stage 3	-	242,859	(242,859)	-
Changes in ECL*	(211,527)	41,373	907,134	736,980
New financial assets originated or purchased	171,044	-	-	171,046
Financial assets that have been repaid in full	(5,908)	(1,330)	(31,463)	(38,701)
Total movements with impact on credit loss allowance charge for the period	(46,389)	40,043	880,090	873,744
Write-off	-	-	(839,046)	(839,046)
Foreign exchange differences	-	-	-	-
Balance as at 31 December 2023	292,010	54,714	105,654	452,378
Individuals	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	4,111,456	364,079	1,157,015	5,632,550
Transfer from Stage 1	(800,001)	800,001	-	-
Transfer from Stage 2	487,584	(1,341,035)	853,451	-
Transfer from Stage 3	-	434,863	(434,863)	-
Changes in EAD*	(1,505,279)	65,781	315,487	(1,124,011)
New financial assets originated or purchased	5,370,332	-	-	5,370,332
Financial assets that have been repaid in full	(798,513)	(53,024)	(142,416)	(993,953)
Write-off	-	-	(349,266)	(349,266)
Foreign exchange differences	-	-	-	-
Gross carrying amount as at 31 December 2022	6,865,579	270,665	1,399,408	8,535,652
Loss allowance as at 31 December 2022	(100,848)	(17,330)	(303,920)	(422,098)
Carrying amount net of allowance as at 31 December 2022	6,764,731	253,335	1,095,488	8,113,554
ECL movement Individuals	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	42,536	46,234	346,980	435,750
Transfer from Stage 1	(13,201)	13,201	-	-
Transfer from Stage 2	153,071	(195,216)	42,145	-
Transfer from Stage 3	-	148,747	(148,747)	-
Net change of loss provision	(199,362)	10,174	444,860	255,672
New financial assets originated or purchased	123,487	-	-	123,487
Financial assets that have been repaid in full	(5,683)	(5,810)	(32,052)	(43,545)
Total movements with impact on credit loss allowance charge for the period	(81,558)	4,364	412,808	335,614
Write-off	-	-	(349,266)	(349,266)
Foreign exchange differences	-	-	-	-
Balance as at 31 December 2022	100,848	17,330	303,920	422,098

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

The following tables disclose the changes in the credit loss allowance and gross carrying amount of state and municipal loans at AC between the beginning and the end of the reporting and comparative period:

State and municipal organizations	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	2,030,396	1,142,003	22,698	3,195,097
Transfer from Stage 1	(750,203)	750,203	-	-
Transfer from Stage 2	314,732	(512,730)	197,998	-
Transfer from Stage 3	-	7,579	(7,579)	-
Changes in EAD*	(273,674)	(146,114)	8,021	(411,767)
New financial assets originated or purchased	1,414,831	-	-	1,414,831
Financial assets that have been repaid in full	(428,367)	(29,925)	(13,747)	(472,039)
Write-off	-	-	-	-
Foreign exchange differences	54,068	1,146	1,786	57,000
Gross carrying amount as at 31 December 2023	2,361,783	1,212,162	209,177	3,783,122
Loss allowance as at 31 December 2023	(14,570)	(37,213)	(42,065)	(93,848)
Carrying amount net of allowance as at 31 December 2023	2,347,213	1,174,949	167,112	3,689,274
ECL movement State and municipal organisations	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	3,669	27,111	7	30,787
Transfer from Stage 1	(2,323)	2,323	-	-
Transfer from Stage 2	5,511	(17,282)	11,771	-
Transfer from Stage 3	-	-	-	-
Changes in ECL*	(6,477)	25,949	30,294	49,766
New financial assets originated or purchased	14,354	-	-	14,354
Financial assets that have been repaid in full	(164)	(888)	(7)	(1,059)
Total movements with impact on credit loss allowance charge for the period	7,713	25,061	30,287	63,001
Write-off	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance as at 31 December 2023	14,570	37,213	42,065	93,848
State and municipal organizations	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	1,903,654	28,395	133,970	2,066,019
Transfer from Stage 1	(709,631)	709,631	-	-
Transfer from Stage 2	447	(26,003)	25,556	-
Transfer from Stage 3	-	120,220	(120,220)	-
Changes in EAD*	(338,270)	322,003	(1,116)	(17,383)
New financial assets originated or purchased	1,858,453	-	-	1,858,453
Financial assets that have been repaid in full	(690,740)	(8,459)	(8,383)	(707,582)
Write-off	-	-	(7,520)	(7,520)
Foreign exchange differences	6,483	(3,784)	411	3,110
Gross carrying amount as at 31 December 2022	2,030,396	1,142,003	22,698	3,195,097
Loss allowance as at 31 December 2022	(3,670)	(27,111)	(7)	(30,788)
Carrying amount net of allowance as at 31 December 2022	2,026,726	1,114,892	22,691	3,164,309
ECL movement State and municipal organizations	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	9,376	1,747	27,811	38,934
Transfer from Stage 1	(3,366)	3,366	-	-
Transfer from Stage 2	245	(988)	743	-
Transfer from Stage 3	-	25,600	(25,600)	-
Net change of loss provision	(11,536)	(1,605)	6,245	(6,896)
New financial assets originated or purchased	13,281	-	-	13,281
Financial assets that have been repaid in full	(4,329)	(1,009)	(1,672)	(7,010)
Total movements with impact on credit loss allowance charge for the period	(2,584)	(2,614)	4,573	(625)
Write-off	-	-	(7,520)	(7,520)
Foreign exchange differences	-	-	-	-
Balance as at 31 December 2022	3,670	27,111	7	30,780

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

* The line "Changes in EAD" represents changes in the gross carrying amount of loans, except for loans that were fully repaid during the reporting period. Transfer from stages presented in the table above represent transfers of loans issued during the previous period. Transfers of loans between stages that were issued during the current period are presented in the Changes in EAD line.

*"Changes in ECL" are attributable to changes in parameters (PD, LGD) and 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 issued in previous periods from their initial stage to the stage they were in as at the reporting date.

The following table contains information about the quality of the loan portfolio as at 31 December 2023:

31 December 2023	Stage 1	Stage 2	Stage 3	Total
Corporate loans				
Standard	28,408,047	-	-	28,408,047
Sub-standard	2,879,075	-	-	2,879,075
Unsatisfactory	-	10,863,887	-	10,863,887
Doubtful	-	-	2,292,472	2,292,472
Hopeless	-	-	149,154	149,154
Total loans to Corporate customers, gross	31,287,122	10,863,887	2,441,626	44,592,635
Less: Allowance for expected credit losses	(311,577)	(396,868)	(454,434)	(1,162,879)
Total loans to Corporate customers	30,975,545	10,476,019	1,987,192	43,429,756
Loans to individuals				
Standard	9,268,144	-	-	9,268,144
Sub-standard	698,389	-	-	698,389
Unsatisfactory	-	367,119	-	367,119
Doubtful	-	-	440,650	440,650
Hopeless	-	-	50,545	50,545
Total loans to individuals, gross	9,966,533	367,119	491,195	10,824,847
Less: Allowance for expected credit losses	(292,010)	(54,714)	(105,654)	(452,378)
Total loans to individuals	9,674,523	312,405	385,541	10,372,469
State and municipal organisations				
Standard	2,155,383	-	-	2,155,383
Sub-standard	206,399	-	-	206,399
Unsatisfactory	-	1,212,163	-	1,212,163
Doubtful	-	-	204,061	204,061
Hopeless	-	-	5,116	5,116
Total loans to State and municipal organisations, gross	2,361,782	1,212,163	209,177	3,783,122
Less: Allowance for expected credit losses	(14,570)	(37,213)	(42,065)	(93,848)
Total loans to State and municipal organisations	2,347,212	1,174,950	167,112	3,689,274

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

The following table contains information about the quality of the loan portfolio as at 31 December 2022:

31 December 2022	Stage 1	Stage 2	Stage 3	Total
Corporate loans				
Standard	16,472,584	-	-	16,472,584
Sub-standard	1,849,977	-	-	1,849,977
Unsatisfactory	-	14,182,159	-	14,182,159
Doubtful	-	-	1,865,024	1,865,024
Hopeless	-	-	19,993	19,993
Total loans to Corporate customers, gross	18,322,561	14,182,159	1,885,017	34,389,737
Less: Allowance for expected credit losses	(102,954)	(507,779)	(222,425)	(833,158)
Total loans to Corporate customers	18,219,607	13,674,380	1,662,592	33,556,579
Loans to individuals				
Standard	6,528,745	-	-	6,528,745
Sub-standard	336,834	-	-	336,834
Unsatisfactory	-	270,665	-	270,665
Doubtful	-	-	1,118,882	1,118,882
Hopeless	-	-	280,526	280,526
Total loans to individuals, gross	6,865,720	270,524	1,399,408	8,535,652
Less: Allowance for expected credit losses	(100,848)	(17,330)	(303,920)	(422,098)
Total loans to individuals	6,764,872	253,194	1,095,488	8,113,554
State and municipal organisations				
Standard	2,006,262	-	-	2,006,262
Sub-standard	24,134	-	-	24,134
Unsatisfactory	-	1,142,003	-	1,142,003
Doubtful	-	-	20,420	20,420
Hopeless	-	-	2,458	2,458
Total loans to State and municipal organisations, gross	2,030,396	1,142,003	22,698	3,195,097
Less: Allowance for expected credit losses	(3,670)	(27,111)	(7)	(30,788)
Total loans to State and municipal organisations	2,026,726	1,114,892	22,691	3,164,309

Refer to Note 30 for the estimated fair value of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in Note 26. Information on related party balances is disclosed in Note 31.

The components of net investment in finance lease as at 31 December 2023 and 2022 years are as follows:

<i>In millions of Uzbek Soums</i>	31 December 2023	31 December 2022
Amounts receivables under finance leases		
Less than one year	202,186	32,626
From one year to two years	192,571	31,037
From two year to five years	483,450	82,199
More than five years	72,298	49,251
Minimum lease payments	950,505	195,112
Less: unearned finance income	(51,087)	(5,656)
Net investment in finance lease (before impairment)	899,419	189,457
Less: Provision for expected credit losses	(21,704)	(1,366)
Net investment in finance lease	877,715	188,091

Credit quality of those finance lease were stage 1 as at 31 December 2023 included in corporate loans (2022 stage 1). The finance lease receivables were presented under the Corporate Loans classification.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

10. Investment securities

Investments in equity and debt securities are presented below:

	31 December 2023	31 December 2022
Equity securities measured at fair value through other comprehensive income	120,384	30,413
Debt securities measured at amortized cost	231,888	876,065
Total investment securities	352,272	906,478

	Coupon rate	Maturity	31 December 2023	31 December 2022
Bonds of the Central Bank of the Republic of Uzbekistan	Discount	15 Mar 2024- 25 Apr 2024	-	870,973
Government bonds of the Republic of Uzbekistan	Discount	29 Jan 2024 - 11 Sep 2024	231,888	5,092
Debt securities measured at amortized cost			231,888	876,065

Equity securities at FVTOCI as at 31 December 2023 and 2022 include equity securities, registered in Uzbekistan and some of them are traded in local stock exchange. To the extent information is available, the Group uses active market data for estimating the fair value of the equity instruments. Other equity instruments which do not have readily determinable market values are valued using discount dividend models. Such instruments are assessed to be immaterial.

The fair value of equity investments increased by UZS 89,970 million compared to the previous year. This increase was primarily due to the acquisition of a 19% stake in "Yashil Energiya" LLC for UZS 67,067 million, and a rise in the share prices of "Uzbekiston Pochtasi" JSC, totaling UZS 10,420 million.

Based on the credit risk associated with the Government bonds at 31 December 2023 and 2022, the ECL of the investment in debt securities was assessed to be immaterial and included in Stage 1 and there were no transitions between stages in 2023 and 2022. The Bonds are issued by the Central Bank and Government of the Republic of Uzbekistan and are BB- rated based on Fitch rating.

As at 31 December 2023 and 2022, investment securities of the Group were not pledged.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

11. Property, equipment and intangible assets

	Buildings and premises	Office and computer equipment	Construction in progress	Intangible assets	Total property, equipment and intangible assets	Right-of-use assets
Cost 31 December 2021	518,196	772,145	323,849	3	1,614,193	16,021
Additions	36,885	170,016	612,427	31,716	851,044	848
Disposals	(7,004)	(6,932)	-	-	(13,936)	-
Transfer	45,929	1,107	(47,036)	-	-	-
Capitalised borrowing costs	-	-	27,658	-	27,658	-
31 December 2022	594,006	936,336	916,898	31,719	2,478,959	16,869
Accumulated depreciation						
31 December 2021	(71,714)	(281,175)	-	(3)	(352,892)	(8,177)
Depreciation / amortization	(32,247)	(125,829)	-	(1,058)	(159,134)	(2,936)
Disposals	2,357	5,467	-	-	7,824	-
31 December 2022	(101,604)	(401,537)	-	(1,061)	(504,202)	(11,113)
Cost 31 December 2022	594,006	936,336	916,898	31,719	2,478,959	16,869
Additions	7,537	261,379	700,780	8,420	978,116	12,004
Disposals	(3,115)	(40,319)	-	-	(43,434)	-
Transfers	927,432	-	(927,432)	-	-	-
Capitalised borrowing costs	-	-	85,426	-	85,426	-
31 December 2023	1,525,860	1,157,396	775,672	40,139	3,499,067	28,873
Accumulated depreciation						
31 December 2022	(101,604)	(401,537)	-	(1,061)	(504,202)	(11,113)
Depreciation / amortisation charge (Note 22)	(43,254)	(156,922)	-	(3,805)	(203,981)	(6,729)
Disposals	2,717	33,108	-	-	35,825	-
31 December 2023	(142,141)	(525,351)	-	(4,866)	(672,358)	(17,842)
Net book value						
31 December 2022	492,402	534,799	916,898	30,658	1,974,757	5,756
31 December 2023	1,383,719	632,045	775,672	35,273	2,826,709	11,031

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

In accordance with the Presidential Decree #3620 dated 23 March 2018 about modernization of banks and bank services, during 2023 the Bank has capitalized a building in the amount of UZS 386 billion (2022: 540 billion) and purchased a building in the amount of 244 billion in Tashkent City. Furthermore, during 2023, UZS 98 billion (2022: 0.6 billion) were spent on building smart Offices across the branch network.

As at 31 December 2023 and 2022, property and equipment included fully depreciated assets totalling UZS 31 billion and UZS 30 billion, respectively.

As at 31 December 2023 and 2022, premises and equipment of the Group were not pledged.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the bank's general borrowings during the year, in this case 4,7% (2022: 4,1%).

12. Other assets

	31 December 2023	31 December 2022
Other financial assets		
Receivable from money transfer organizations	15,822	14,868
Commission receivable	11,822	9,258
Accounts receivable from Paynet service organization	6,451	8,000
Trade receivables	5,971	3,120
Other financial assets	648	36
ECL	(4,420)	(1,556)
Total other financial assets	36,294	33,726
Other non-financial assets		
Inventory	345,427	27,516
Prepayments for inventory and services	175,558	93,871
Prepayments for construction of building	22,528	46,890
Greenhouses under development	16,246	29,474
Recoverable assets from court decision	3,805	13,877
Prepayment to fund	1,154	1,598
Biological asset	1,790	807
Other non-financial assets	13,105	7,321
Less allowance for impairment	(5,970)	(6,895)
Total other non-financial assets	573,643	214,459
Total other assets	609,937	248,185

As at 31 December 2023 and 2022, for the purpose of ECL measurement, other financial assets are all included in Stage 1 and there were no transitions between stages in 2023 and 2022.

In 2023, the leasing operations of the subsidiary Agro Finanse Lizing JSC have increased and as of December 2023, in the inventory account included electric cars of the subsidiary for the amount UZS 313,461 million (2022: UZS 18,620), which are available for lease.

As of 31 December 2023, the majority of prepayments for inventory and services are for e-cars, amounting to UZS 122,048 million (2022: UZS 15,109 million) are to be leased by the subsidiary Agro Finans Lizing JSC. Additionally, the account includes prepayments for greenhouse inventories totalling UZS 5,267 million (2022: UZS 43,166 million).

13. Due to other banks

	31 December 2023	31 December 2022
Long-term placements of other banks	2,197,820	1,588,155
Short-term placements of other banks	3,425,936	1,074,549
Correspondent accounts and overnight placements of other banks	575	1,635
Payable to the CBU under repo agreement	182,628	3
Total due to other banks	5,806,959	2,664,342

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

Refer to Note 30 for the disclosure of the fair value of amounts due to other banks. Interest rate analyses of due to other banks are disclosed in Note 27. Long-term placements of other banks are classified as financing activities in the consolidated statement of cash flows.

14. Customer accounts

	31 December 2023	31 December 2022
State and public organizations		
- Current/settlement accounts	27,606	23,483
- Term deposits	6,361,590	5,744,885
Other legal entities		
- Current/settlement accounts	1,149,194	2,641,330
- Term deposits	1,298,330	854,172
Individuals		
- Current/settlement accounts	1,484,220	1,132,855
- Term deposits	5,709,103	3,245,928
Total customer accounts	16,030,043	13,642,653

Economic sector concentration within customer accounts are as follows:

	31 December 2023	31 December 2022
Individuals	7,193,323	5,768,368
State and public organizations	6,389,196	4,378,783
Service	1,679,290	1,488,711
Agriculture	266,193	214,538
Trade and catering	248,228	930,161
Manufacturing	147,650	618,907
Communication and transport	68,501	159,695
Construction	26,860	53,316
Other	10,802	30,174
Total customer accounts	16,030,043	13,642,653

As at 31 December 2023 and 2022, customer accounts amounting to UZS 95,627 million and UZS 8,427 million respectively, were pledged as collateral for letters of credit and other similar products issued by the Group.

As at 31 December 2023 and 2022, customer accounts amounting to UZS 5,981,263 million (38%) and UZS 6,335,231 million (46%), respectively, were due to 10 customers (2022: 10).

As at 31 December 2023 and 2022, the largest term deposits placed by state and public organisations include deposits from the Ministry of Economy and Finance of the Republic of Uzbekistan, the Fund guarantee of deposits of citizens in banks of the Republic of Uzbekistan, the Ministry of Defence and the Ministry of Agriculture of the Republic of Uzbekistan.

Refer to Note 30 for the disclosure of the fair value of customer accounts. Interest rate analyses of customer accounts are disclosed in Note 27. Information on related party transactions is disclosed in Note 31.

15. Debt securities issued

	31 December 2023	31 December 2022
Deposit certificates	160,001	270,001
Total debt securities in issue	160,001	270,001

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

Refer to Note 30 for the disclosure of the fair value of debt securities issued. Interest rate analyses of debt securities issued are disclosed in Note 26. Information on related party transactions is disclosed in Note 31.

16. Other borrowed funds

	31 December 2023	31 December 2022
International Financial Institutions		
Cargill Financial Services International Inc.	5,607,449	3,055,290
Landesbank Hessen-Thüringen Girozentrale	2,757,247	1,465,154
Landesbank Baden-Württemberg	1,146,837	888,214
Commerzbank Aktiengesellschaft	933,673	488,793
Mashreqbank PSC	513,810	-
ODDO BHF Aktiengesellschaft	501,880	61,822
Gazprombank	501,119	1,125,130
Credit Suisse AG, Zurich	441,777	499,076
Kamkombank	425,735	-
AKA Ausfuhrkredit-Gesellschaft mbH	389,749	82,300
Gemcorp Capital Management Limited	382,502	-
Berliner Sparkasse Branch of Landesbank Berlin AG	373,562	294,622
China Development, Xinjiang branch	356,566	400,489
Development Bank of the Republic of Belarus	290,943	34,267
Credit Suisse, London Branch	249,952	852,344
Islamic Corporation for the Development of the private sector	198,837	48,773
KfW IPEX-Bank GmbH	196,963	-
International Financial Club	191,067	211,510
Türkiye ihracat Kredi Bankasi A.Ş.	184,390	193,502
KDB Bank Uzbekistan	172,185	56,598
EMF Microfinance Fund AGMVK	100,510	142,706
International Bank for Economic Co-operation	95,591	-
T.C. Ziraat Bankasi A.Ş.	78,202	161,071
Eximbank Hungary PLC	36,546	55,411
Transkapitalbank	-	514,700
Promsvyazbank	-	140,124
Asia Invest Bank	-	113,642
Tavrishesky Bank	-	101,540
Vita Bank	-	38,039
Other	6,838	7,871
Total borrowed funds from IFIs	16,133,930	11,032,988
Uzbekistan Financial Institutions		
Ministry of Economy and finance of the Republic of Uzbekistan	14,892,523	13,877,274
Farmers Support Fund	482,508	327,185
The Fund for Reconstruction and Development of the Republic of Uzbekistan	351,590	623,312
Central Bank of Uzbekistan	337,611	524,436
Ministry of Investments and Foreign Trade of the Republic of Uzbekistan	204,928	78,667
The Uzbekistan Mortgage Refinancing Company	133,582	92,548
Youth - Our Future Fund	46,920	78,479
National Bank of Republic of Uzbekistan	36,712	99,417
Khokimiyat	12,469	35,974
Other	786	10,555
Total other borrowed funds from Uzbekistan Financial Institutions	16,499,629	15,747,847
Total other borrowed funds	32,633,559	26,780,835

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

	31 December 2023		31 December 2022	
	Currency	Maturity, year	Currency	Maturity, year
International Financial Institutions				
Cargill Financial Services International, Inc.	USD	2024-2028	USD	2023-2027
Landesbank Hessen-Thüringen Girozentrale	EUR	2024-2034	EUR	2023-2033
Landesbank Baden-Württemberg	EUR	2025-2032	EUR	2025-2032
Commerzbank Aktiengesellschaft	EUR	2029-2034	EUR	2023-2031
Mashreq Bank PSC	EUR/USD	2024	-	-
ODDO BHF Aktiengesellschaft	EUR	2024-2034	EUR	2023
Gazprombank	CNY/RUB	2024	USD	2023
Credit Suisse AG, Zurich	EUR	2026-2029	EUR	2029
Kamkombank	CNY/RUB	2024	-	-
AKA Ausfuhrkredit-Gesellschaft mbH	EUR	2025-2031	EUR	2025
Gemcorp Capital Management Limited	USD	2024	-	-
Berliner Sparkasse Branch of Landesbank Berlin AG	EUR	2024-2034	EUR	2023-2029
China Development Bank Xinjiang branch	USD	2028	USD	2028
Development Bank of the Republic of Belarus	EUR/RUB	2028-2030	EUR	2028
Credit Suisse AG, London Branch	USD	2024	EUR/USD	2023
Islamic corporation for the Development of the private sector	USD	2028	USD	2023
KFW IPEX Bank	USD	2024	-	-
International Financial Club	CNY	2025	EUR/USD	2023
Türkiye İhracat Kredi Bankası A.Ş.	USD	2029	USD	2029
KDB Bank Uzbekistan	USD	2024-2027	USD	2026
EMF Microfinance Fund	USD	2024	USD	2023-2027
International Bank for Economic Co-operation	RUB	2024	-	-
T.C. Ziraat Bankası A.Ş.	USD	2025	USD	2023-2025
Export Hungary PLC	USD	2025	USD	2025
Transkapitalbank	-	-	EUR/USD	2023
Promsvyazbank	-	-	USD	2023
Asia Invest Bank	-	-	USD	2023
Tavrishesky Bank	-	-	USD	2023
Vita Bank	-	-	USD	2023
Other	EUR	2026	EUR/UZS	2023-2025
Uzbekistan Financial Institutions				
Ministry of Economy and finance of the Republic of Uzbekistan	USD/UZS	2024-2035	USD/UZS	2023-2035
Farmers Support Fund	UZS	2024-2029	UZS	2024-2028
The Fund for Reconstruction and Development of the Republic of Uzbekistan	USD/UZS	2028-2033	USD/UZS	2026-2028
Central Bank of Uzbekistan	UZS	2025-2026	UZS	2023-2025
Ministry of Investments and Foreign Trade of the Republic of Uzbekistan	USD/UZS	2024-2030	USD/UZS	2029
The Uzbekistan Mortgage Refinancing Company	UZS	2038-2041	UZS	2038
Youth - Our Future Fund	UZS	2025	UZS	2025
National Bank of Republic of Uzbekistan	USD	2024	USD	2024
Khokimiyat	UZS	2024-2026	UZS	2023-2035
Other	UZS	2024	UZS	2023
		2024-2035		

As at 31 December 2023 and 2022, the Group had no significant exposure to Ukraine and to the Russian Federation and Belarus. While there are some borrowings from Russia (Gazprombank and Kamkombank), the Group has no assets in these countries.

Borrowings from Ministry of Economy and finance of the Republic of Uzbekistan, The Fund for Reconstructions and Development of the Republic of Uzbekistan and Central Bank of Uzbekistan were issued to the Group for financing state entrepreneurial, agro-industrial and green energy industry development programs under the Government orders.

The funds received from the Uzbekistan Mortgage Refinancing Company are used for financing mortgage loans to individuals. These loans have been pledged as a collateral against the borrowing from this Company. The carrying value of these loans pledged were UZS 163,166 million and UZS 113,602 million as at 31 December 2023 and 2022 respectively.

The Group has to comply with specific financial and non-financial covenants on obtained funds. As of 31 December 2023, the Group was in compliance with these covenants.

Refer to Note 30 for the disclosure of the fair value of other borrowed funds. Interest rate analyses of other borrowed funds are disclosed in Note 27. Information on related party transactions is disclosed in Note 31.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

17. Other liabilities

	31 December 2023	31 December 2022
Other financial liabilities		
Payables for Suppliers	49,454	54,090
Guarantees of the citizens' deposits protection	17,608	510
Provision for off-balance sheet liabilities	14,188	25,147
Dividends payable	448	384
Other financial liabilities	4,165	10,873
Total other financial liabilities	85,863	91,004
Other non-financial liabilities		
Advances received	77,946	3,697
Withholding Tax Payable	75,223	45,450
Social security payable	33,677	14,670
Taxes other than income tax payable	11,730	18,958
Payable to employees	4,060	5,830
Total other non-financial liabilities	202,636	88,605
Total other liabilities	288,499	179,609

As at 31 December 2023, most of the advances received are prepayments of customers for electro cars in Agro Finance Leasing for the amount of UZS 58,943 million (in December 2022: 409 million).

18. Subordinated debt

	Interest Rate	31 December 2023	31 December 2022
Ministry of Finance of the Republic of Uzbekistan	5.9%	251,705	229,749
Total subordinated debt		251,705	229,749

The management classifies borrowings as subordinated according based on the following criteria:

- In the event of bankruptcy or liquidation of the Bank, repayment of these debts is subordinate to the repayment of the Bank's liabilities to all other creditors;
- These debts should not be secured by a pledge;
- These debts should not be pledged by the Bank or any of its affiliates as collateral for other assets;
- The initial contractual maturity must be more than 5 years;
- Early repayment of subordinated debt is allowed with the permission of the Central Bank of the Republic of Uzbekistan.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

19. Share capital

	Number of outstanding shares (thousands)	Ordinary shares (UZS)	Inflation adjustments (UZS)	Share capital (UZS)	Share premium (UZS)	Treasury shares (UZS)	Total
As at 31 December 2021	4,800,683	5,607,198	25,631	5,632,829	1,412	(115)	5,634,126
Issue of new shares	2,522,411	2,946,176	-	2,946,176	-	-	2,946,176
As at 31 December 2022	7,323,094	8,553,374	25,631	8,579,005	1,412	(115)	8,580,302
Issue of new shares	299,658	350,000	-	350,000	-	-	350,000
As at 31 December 2023	7,622,751	8,903,374	25,631	8,929,005	1,412	(115)	8,930,302

As at 31 December 2023, the total authorized number of ordinary shares is 7,622,751 thousand (31 December 2022: 7,323,094 thousand shares) with a par value of UZS 1,168 per share (31 December 2022: UZS 1,168 per share). All issued ordinary shares were fully paid.

As at 31 December 2023, the total authorized number of preference shares is 500 thousand (31 December 2022: 500 thousand) with a par value of UZS 1,168. Minimum preference share dividends are set at 25% p.a. (2022: 25 % p.a.) and preference shares are thus classified as other borrowed funds. Equity component of preference shares was equal to nil as at 31 December 2023 (31 December 2022: nil).

During 2023, the Group issued new shares in the amount of UZS 350,000 million.

In accordance with the Decree of the President of the Republic of Uzbekistan dated 12 December 2023, in December 2023, the JSCB Agrobank, the Ministry of Finance of the Republic of Uzbekistan and the Fund for Reconstruction and Development of the Republic of Uzbekistan ("UFRD") concluded an agreement on converting of borrowings from the UFRD received during 2022-2023 in the total amount of UZS 1,866,232 million into shares, assigning the equity ownership to the Ministry of Finance of the Republic of Uzbekistan. On this basis, as of 31 December 2023, the Group has transferred borrowings from UFRD in the amount of UZS 1,866,232 million into the equity as Additional paid-in capital.

The substance of the transaction reflects a capitalization of debt into equity, enhancing the Bank's capital structure. The carrying value of the debt approximates its fair value and the transaction is to be executed by issuing new shares at a par value of UZS 1,168 per share. The process will be conducted in compliance with regulatory requirements of the Republic of Uzbekistan and the new shares equally offered to existing shareholders to avoid any dilution of shares held by minority shareholders.

Share premium represents the excess of contributions received over the nominal value of share issued.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

20. Reconciliation of liabilities arising from financing activities

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

	Liabilities from financing activities			
	Other borrowed funds	Long-term placements of other banks	Subordinated debt	Total
Net debt at 1 January 2022	16,887,348	290,597	221,812	17,399,757
Financing cash inflow	27,029,727	1,244,950	-	28,274,677
Financing cash outflow	(17,372,688)	(15,369)	-	(17,388,057)
Interest paid	(1,283,603)	(87,820)	(12,949)	(1,384,372)
Interest incurred	1,367,154	87,820	13,165	1,483,139
Effect of exchange rate changes	152,897	0	7,721	160,618
Net debt at 31 December 2022	26,780,835	1,520,178	229,749	28,530,762
Financing cash inflow	38,479,788	145,430	-	38,625,218
Financing cash outflow	(32,490,834)	(45,649)	-	(32,536,483)
Interest paid	(2,561,458)	(1,636)	(1,636)	(2,564,730)
Interest incurred	2,738,983	1,636	1,320	2,741,939
Effect of exchange rate changes	(313,755)	0	22,272	(291,483)
Net debt at 31 December 2023	32,633,559	1,619,959	251,705	34,505,223

21. Interest income and expense

	2023	2022
Interest income calculated using the effective interest method		
Loans and advances to customers	8,426,844	4,935,268
Investment securities	90,673	271,882
Due from other banks	16,977	84,470
Total interest income calculated using the effective interest method	8,534,494	5,291,620
Other similar income:		
Finance lease receivables	179,887	21,265
Total interest income	8,714,381	5,312,885
Customer accounts	(1,896,797)	(1,484,424)
Other borrowed funds	(2,738,983)	(1,367,154)
Due to other banks	(318,326)	(154,342)
Debt securities issued	(41,877)	(27,183)
Subordinated debt	(8,269)	(13,167)
Other	(2,993)	(9,220)
Total interest expense	(5,007,245)	(3,055,490)
Net interest income	3,707,136	2,257,395

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

22. Fee and commission income and expense

	2023	2022
Fee and commission income		
Settlement transactions	573,942	668,972
International money transfers	161,168	172,675
Currency conversion transactions	15,079	919
Other	2,749	10,908
Total fee and commission income	752,938	853,474
Fee and commission expense		
Settlement transactions	(350,170)	(450,214)
Cash collection	(29,145)	(17,740)
Other	(10,602)	(10,313)
Total fee and commission expense	(389,917)	(478,267)

23. Other operating income

	2023	2022
Income from other trading activities	90,528	16,007
Rental income from plastic card terminals	7,258	7,767
Income from online products	4,151	3,835
Gain on disposal of premises and equipment	1,892	2,459
Other	38,842	10,060
Total other operating income	142,672	40,128

The Income from other trading activities pertains to the sales generated by Agro Finans Lizing JSC, a wholly owned subsidiary of the Bank, which is currently engaged in the business of leasing and selling electric vehicles.

24. Administrative and other operating expenses

	Note	2023	2022
Staff costs		1,517,763	1,085,977
Depreciation and amortization	10	210,741	162,070
Taxes other than income taxes		193,981	128,074
Security expenses		165,976	136,636
Advertising and marketing services		92,918	78,430
Stationery and office supplies		85,289	72,246
Guarantee deposit expense		47,811	42,412
Charity		46,648	39,102
Cost of maintenance of premises		36,323	19,516
Consulting and audit expenses		31,664	12,933
Utilities		19,241	10,818
Business trip expenses		16,002	10,697
Postage, Telephone and fax expenses		15,124	11,800
Membership fees		14,602	12,539
Rent expenses		12,616	6,992
Insurance		10,587	39,340
Fuel expenses		9,414	7,531
Loss on sale or disposal of assets		969	870
Other		67,728	34,815
Total administrative and other operating expenses		2,595,397	1,912,798

Staff costs include state pension contributions amounting UZS 1 518 million and UZS 1 086 million for the periods ended 31 December 2023 and 2022 respectively. Included in Consulting and audit expenses are audit services of UZS 2,344 million (2022: UZS 1,971 million), including the audits of the Bank.

Rent expenses in the table above comprise payments for short-term leases and leases of low value assets.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

25. Income taxes

Components of income tax expense

Income tax expense comprises the following:

	2023	2022
Current tax charge	245,770	153,656
Deferred tax expense	(95,057)	(46,849)
Income tax expense for the year	150,713	106,807

Reconciliation between tax expense and profit or loss multiplied by applicable tax rate

The Bank is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The Bank pays income tax on a consolidated basis as a single taxpayer at a rate of 20%.

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

	2023	2022
Profit before tax	384,279	300,265
Theoretical tax charge at the applicable statutory rate - 20% (2022: 20%)	76,856	60,053
- Non deductible expenses	118,351	88,490
- Tax exempt income	(17,362)	(55,154)
- Other	(27,132)	13,418
Income tax expense for the year	150,713	106,807

Non-deductible expenses in the table include 20% of the statutory ECL charge for UZS 90,495 million (2022: UZS 63,654 million), and other non-deductible charity and donation expenses.

Tax exempt income is predominately related to income on government bonds.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Uzbekistan give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements on these temporary differences is detailed below, and is recorded at the rate of 20% (2022: 20%).

	31 December 2023	(Debited)/ credited to profit or loss	31 December 2022	(Debited)/ credited to profit or loss	31 December 2021
Tax effect of deductible/(taxable) temporary differences					
Cash and cash equivalents	119	31	88	69	19
Due from other banks	3,025	2,945	80	(42)	122
Loans and advances to customers, including finance lease receivables	246,504	134,276	112,216	28,879	83,337
Property, equipment and intangible assets	(3,532)	(5,610)	2,078	794	1,284
Investment in associates	(15,780)	(22,284)	6,504	-	6,504
Investment securities	5,389	5,001	388	(40)	428
Right-of-use assets	(2,206)	(1,055)	(1,151)	418	(1,569)
Other assets	10,889	(10,216)	21,105	17,843	3,262
Due to other banks	(552)	(783)	231	231	-
Customer accounts	74	(1)	75	1	74
Other borrowed funds	(10,137)	(14,830)	4,693	4,536	157
Subordinated debt	(174)	(174)	-	-	-
Lease liabilities	2,412	1,146	1,266	(1,002)	2,268
Other Liabilities	20,271	6,611	13,672	(4,838)	18,510
Net deferred tax asset	256,302	95,057	161,245	46,849	114,396

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

26. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The Bank has no dilutive potential ordinary shares, therefore, the diluted earnings per share equal the basic earnings per share.

	2023	2022
Profit for the year attributable to the ordinary shareholders of the Bank	248,964	199,514
Less preference dividends declared	(146)	(146)
Profit for the year attributable to the ordinary shareholders of the Bank	248,818	199,368
Weighted average number of shares in issue (thousands)	7,409,298	7,101,951
Basic and diluted earnings per ordinary shares in issue (in UZS)	34	28

27. Financial risk management

The risk management function. The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Credit risk. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. The credit risk is mitigated by collateral and other credit enhancements as disclosed in Note 28.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of the Group's internal credit rating system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Clients of the Bank are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

Group's internal ratings scale:

Standard	1	Timely repayment of "standard" loans is not in doubt. The borrower is a financially stable company, which has an adequate capital level, high level profitability and sufficient cash flow to meet its all existing obligations, including present debt. When assessing the reputation of the borrower such factors as the history of previous repayments, marketability of collateral (movable and immovable property guarantee) are taken into consideration.
Sub-standard	2	As a whole, the financial position of a borrower is stable, but some unfavorable circumstances or tendencies are present, which, if not disposed of, raise some

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

		doubts about the borrower's ability to repay on time. "Standard" loans with insufficient information in the credit file or missing information on collateral could be also classified as "Substandard" loans.
Unsatisfactory	3	The primary source of repayment is not sufficient and the Bank has to seek additional loan repayment sources. The financial position of a borrower or forecasted cash flows is not sufficient to settle obligations. The value of collateral is not exceeding or equal to outstanding loan amount.
Doubtful	4	"Doubtful" are loans which, in addition to having the characteristics of "Unsatisfactory" loans, have additional shortcomings, which make it doubtful that the loan will be repaid in full under the existing circumstances. There is a probability of partial repayment of the loan in the near terms.
Hopeless	5	Loans classified as "hopeless" are considered uncollectible and have lower value that continuing to list them as assets is unwarranted. This classification does not mean that the loans have absolutely no likelihood of recovery, but rather means that the Bank should cease recognizing such loans and make every effort to liquidate such debts through selling of collateral or collection of the outstanding loan.

Risk limits control and mitigation policies. The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by geographic regions are approved annually by the Bank's Council.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) *Limits.* The Group established a number of credit committees which are responsible for approving credit limits for individual borrowers:

- The Credit Committee of Head office reviews and approves limits up to amount equivalent to 15 percent of Bank's Net Assets;
- The Bank Council reviews and approves limits above the amount equivalent from 15 percent to 50 percent of Bank's Net Assets;

Loan applications, along with financial analysis of loan applicant which includes liquidity, profitability, interest coverage and debt service coverage ratios, originated by the relevant client relationship managers are passed on to the relevant credit committee or Bank Council for approval of credit limit.

(b) *Collateral.* The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is a common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans and advances and finance leases are:

- guarantee
- real estate
- equipment and motor vehicles used in borrower's business
- Insurance policy
- inventory
- cash deposit

(c) *Concentration of risks of financial assets with credit risk exposure.* Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. The Group's management focuses on concentration risk:

In order to avoid excessive concentrations of risks, the Group's Credit policy and procedures include specific CBU guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Group's management focuses on concentration risk as follows:

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

- The maximum risk to single borrower or group of affiliated borrowers shall not exceed 25% of the Bank's tier 1 capital;
- The maximum risk for unsecured credits shall not exceed 5% of Bank's tier 1 capital;
- Total amount of all large credits cannot exceed Bank's tier 1 capital by more than 5 times; and
- Total loan amount to related party shall not exceed 50% of Bank's tier 1 capital.

In order to monitor credit risk exposures, weekly reports are produced by the credit department's officers based on a structured analysis focusing on the customer's business and financial performance, which includes overdue balances, disbursements and repayments, outstanding balances and maturity of loan as well as grade of loan and collateral. Any significant exposures against customers with deteriorating creditworthiness are reported to and reviewed by the management daily. Management monitors and follows up past due balances.

Impairment and provisioning policies. The internal rating tool assists the Management to determine whether objective evidence of impairment exists, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings; and
- Deterioration in the value of collateral.

The Group's policy requires the review of individual financial assets that are above certain materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts.

The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

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

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Group uses the same credit policies in assuming conditional obligations as it does for on-balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

The key principles of calculating the credit risk parameters. Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is calculated based on the 12 months PDs over the life of the instrument. The Group uses different statistical approaches depending on the segment and product type to calculate lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrices, developing lifetime PD curves based on the historical default data, hazard rate approach or other.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support. The 12-month and lifetime LGDs are determined based on the factors that impact the expected recoveries after a default event. The approach to LGD measurement can be divided into three possible approaches:

- measurement of LGD based on the specific characteristics of the collateral;
- calculation of LGD on a portfolio basis based on recovery statistics; or
- individually defined LGD depending on different factors and scenarios.

The Group calculates LGD based on specific characteristics of the collateral, such as projected collateral values and other factors for loans secured by real estate, cash and liquid securities. LGD is calculated on a collective basis based on the latest available recovery statistics for the remainder of the corporate loan portfolio and for retail secured and unsecured products.

ECL measurement for financial guarantees and loan commitments. The ECL measurement for these instruments includes the same steps as described above for on-balance sheet exposures. CCF for undrawn credit lines of corporate customers, credit cards issued to individuals and for financial guarantees is defined based on statistical analysis of past exposures at default.

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

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

The following table presents the maximum exposure to credit risk of balance sheet financial assets. For financial assets in the balance sheet, the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral. The Group's maximum exposure to credit risk under contingent liabilities and commitments to extend credit, in the event of non-performance by other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments. The collateral pledged is represented by the carrying amount (not fair value) of a financial instrument for which the collateral was received as security.

Maximum exposure to credit risk as at 31 December 2023 is as follows:

	Related amounts not set off in the statement of financial position			Net exposure after offset and collateral
	Net amounts of financial assets	Cash collateral	Collateral other than cash pledged	
Cash and cash equivalents	4,910,499	(1,881,310)	-	3,029,189
Due from other banks	168,829	-	-	168,829
Loans and advances to customers, including finance lease receivables	57,491,499	(21,135)	(46,276,786)	11,193,578
Investment in debt securities	231,888	-	-	231,888
Other financial assets	36,294	-	-	36,294
<i>Off-balance sheet items:</i>				
Letters of credits and Financial guarantees issued	1,130,173	(95,627)	-	1,034,546
Undrawn credit lines	390,552	-	(86,771)	303,781
	287,547	-	(132,903)	154,644

Maximum exposure to credit risk as at 31 December 2022 is as follows:

	Related amounts not set off in the statement of financial position			Net exposure after offset and collateral
	Net amounts of financial assets	Cash collateral	Collateral other than cash pledged	
Cash and cash equivalents	4,416,753	(2,377,164)	-	2,039,589
Due from other banks	187,588	-	-	187,588
Loans and advances to customers	44,834,442	(20,335)	(35,208,311)	9,605,796
Investment in debt securities	876,065	-	-	906,478
Other financial assets	33,726	-	-	33,726
<i>Off-balance sheet items:</i>				
Letters of credits	1,799,011	(8,427)	-	1,790,584
Financial guarantees issued	559,164	-	(74,485)	484,679
Undrawn credit lines	606,076	-	(51,173)	

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The table below summarizes the Group's exposure to foreign currency exchange rate risk at the reporting date:

	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
31 December 2023			
USD	11,429,514	(12,557,126)	(1,127,612)
EUR	6,759,941	(7,536,275)	(776,334)
Other	1,687,938	(1,933,061)	(245,123)
Total	19,877,393	(22,026,462)	(2,149,069)
31 December 2022			
USD	9,947,226	(10,149,558)	(202,332)
EUR	4,581,941	(5,070,317)	(488,376)
Other	6,084	(241,623)	(235,539)
Total	14,535,251	(15,461,498)	(926,247)

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

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 Bank Council sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The Bank'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 Uzbek Soums to the profit and loss of the Group.

The Group measures its currency risk by:

- Net position on each currency should not exceed 10% of Group's total equity;
- Total net position on all currencies should not exceed 15% of Group's total equity.

The following table presents sensitivities of profit and loss to reasonably possible changes in exchange rates applied at the reporting date, with all other variables held constant. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group:

	At 31 December 2023		At 31 December 2022	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Strengthening of US Dollars by 10% (2022: 10%)	(112,761)	(90,209)	(20,233)	(16,186)
Weakening of US Dollars by 10% (2022: 10%)	112,761	90,209	20,233	16,186
Strengthening of Euro by 10% (2022: 10%)	(77,633)	(62,106)	(48,838)	(39,070)
Weakening of Euro by 10% (2022: 10%)	77,633	62,106	48,838	39,070

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

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.

The table below summarizes the Group's exposure to interest rate risks. The table represents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorized by the earlier of interest repricing and contractual maturity dates:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
31 December 2023					
Cash and Cash Equivalents	4,910,499	-	-	-	4,910,499
Due from other banks	-	-	-	67,434	67,434
Loans and advances to customers, including finance lease receivables	7,914,554	7,325,720	15,500,807	26,750,418	57,491,499
Debt securities	49,396	78,243	104,249	-	231,888
<i>Total interest bearing financial assets</i>	12,874,449	7,403,963	15,605,056	26,817,852	62,701,320
Due to other banks	1,666,506	838,357	1,073,220	1,325,192	4,903,275
Customer accounts	1,314,439	3,434,249	4,916,562	3,373,182	13,038,432
Debt securities issued	1	-	120,000	40,000	160,001
Other borrowed funds	2,415,814	4,487,665	13,351,989	12,378,091	32,633,559
Subordinated debts	-	-	-	246,775	246,775
<i>Total interest bearing financial liabilities</i>	5,396,760	8,760,271	19,461,771	17,363,240	50,982,042
Net interest sensitivity gap at 31 December 2023	7,477,689	(1,356,308)	(3,856,715)	9,454,612	11,719,278

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
31 December 2022					
Cash and Cash Equivalents	239,102	-	-	-	239,102
Due from other banks	-	-	-	78,384	78,384
Loans and advances to customers, including finance lease receivables	5,420,206	8,504,200	12,665,542	17,625,511	44,215,459
Debt securities	674,319	201,746	-	-	876,065
<i>Total interest bearing financial assets</i>	<i>6,333,627</i>	<i>8,705,946</i>	<i>12,665,542</i>	<i>17,703,895</i>	45,409,010
Due to other banks	496,884	187,718	5,400	1,957,062	2,647,064
Customer accounts	218,609	2,049,138	3,525,624	3,833,424	9,626,795
Debt securities issued	-	-	150,000	120,000	270,000
Other borrowed funds	1,006,945	3,887,785	13,060,859	8,746,715	26,702,304
Subordinated debts	-	-	-	224,509	224,509
<i>Total interest bearing financial liabilities</i>	<i>1,722,438</i>	<i>6,124,641</i>	<i>16,741,883</i>	<i>14,881,710</i>	39,470,672
Net interest sensitivity gap at 31 December 2022	4,611,189	2,581,305	(4,076,341)	2,822,185	5,938,338

As at 31 December 2023, if interest rates at that date had been 165 basis points higher (2022: 165 basis points higher) with all other variables held constant, profit for the year would have been UZS 42,976 million higher (2022: UZS 51,417 million higher).

If interest rates had been 165 basis points lower (2022: 165 basis points lower), with all other variables held constant, profit would have been UZS 42,976 million lower (2022: UZS 51,417 million lower).

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

in % p.a	31 December 2023			31 December 2022		
	UZS	USD	EUR	UZS	USD	EUR
Assets						
Cash and cash Equivalents	-	-	-	-	-	-
Due from other banks	10	-	-	11	-	-
Loans and advances to customers	0-36	0.1 - 15	0-13.61	0-36	0.1 - 14	3-12
Investment securities	16 - 17,25	-	-	15-17	-	-
Liabilities						
Due to other banks	3-23	0-9,5	5,25-6	0-11	0-7	5
Debt securities issued	18-19	-	-	18-19	-	-
Customer accounts	-	-	-	-	-	-
- <i>current/demand accounts</i>	-	-	-	-	-	-
- <i>term deposits</i>	3-23	2.5-7.5	-	2-23	2 - 6	-
Subordinated debts	-	6	-	-	5.9	-
Other borrowed funds	-	-	-	-	-	-
- borrowings from International Financial Institutions	-	2% - (5,7% +Sofr)/0,9	0,46% - Euribor+3, 65%	-	Libor+1% - Libor+6.75%	Euribor+1 % - Euribor+4. 3%
- borrowings from Domestic Financial Institutions	0 -15	-	-	0-14	-	-

Other price risk. Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity stock prices. The non-trading equity price risk exposure arises from equity securities classified as fair value through other comprehensive income (FVOCI). A 10 per cent increase in the value of the Bank's equities at FVOCI at 31 December 2023 would have increased equity by UZS 9,631 million (2022: UZS 2,433 million).

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

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

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	4,083,483	250,735	576,281	4,910,499
Due from other banks	140,233	3,742	24,854	168,829
Loans and advances to customers, including finance lease receivables	57,491,499	-	-	57,491,499
Investments in debt securities	231,888	-	-	231,888
Other financial assets	36,294	-	-	36,294
Total financial assets	61,983,397	254,477	601,135	62,839,009
Financial liabilities				
Due to other banks	4,618,339	195,174	993,446	5,806,959
Customer accounts	16,030,043	-	-	16,030,043
Debt securities issued	160,001	-	-	160,001
Other borrowed funds	16,671,813	13,281,958	2,679,788	32,633,559
Lease liabilities	12,061	-	-	12,061
Other financial liabilities	85,863	-	-	85,863
Subordinated debt	251,705	-	-	251,705
Total financial liabilities	37,829,825	13,477,132	3,673,234	54,980,191
Net balance sheet position as at 31 December 2023	24,153,572	(13,222,655)	(3,072,099)	7,858,818
Gross credit related commitments	1,808,272	-	-	1,808,272

The geographical concentration of the Group's financial assets and liabilities at 31 December 2022 is set out below:

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	3,932,418	242,304	242,031	4,416,753
Due from other banks	171,493	-	16,095	187,588
Loans and advances to customers, including finance lease receivables	44,834,442	-	-	44,834,442
Investment in debt securities	906,478	-	-	906,478
Other financial assets	33,726	-	-	33,726
Total financial assets	49,878,557	242,304	258,126	50,378,987
Financial liabilities				
Due to other banks	2,203,505	230	460,607	2,664,342
Customer accounts	13,642,653	-	-	13,642,653
Debt securities issued	270,001	-	-	270,001
Other borrowed funds	15,804,443	8,241,557	2,734,835	26,780,835
Lease liabilities	6,329	-	-	6,329
Other financial liabilities	91,004	-	-	91,004
Subordinated debt	229,749	-	-	229,749
Total financial liabilities	32,247,684	8,241,787	3,195,442	43,684,913
Net balance sheet position as at 31 December 2022	17,630,873	(7,999,483)	(2,937,316)	6,694,074
Gross credit related commitments	2,964,251	-	-	2,964,251

Assets, liabilities and credit related commitments have generally been based on the country in which the counterparty is located. Cash on hand, due from other banks have been allocated based on the country in which they are physically held.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments. 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 Treasury Department.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

The Group seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and debt securities. The group invests the funds in inter-bank placements of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Group requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Group calculates liquidity ratios on a monthly basis in accordance with the requirement of the Central Bank of Uzbekistan. These ratios are calculated using figures based on National Accounting Standards

The Treasury Department receives information about the liquidity profile of the financial assets and liabilities. The Treasury Department then provides for an adequate portfolio of short-term liquid assets, largely made up of short-term liquid trading securities, deposits with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities.

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 end of the reporting period.

The following tables recognize the structure of assets and liabilities at 31 December 2023 and 2022 in accordance with the contractual maturities, except for other borrowed funds (Note 15).

The Group monitors liquidity based on expected maturities of financial assets and liabilities as follows at 31 December 2023:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	4,910,499	-	-	-	4,910,499
Due from other banks	97,653	-	3,742	67,434	168,829
Loans and advances to customers, including finance lease receivables	7,914,554	7,325,720	15,500,807	26,750,418	57,491,499
Investment in debt securities	49,396	78,242	104,250	-	231,888
Other financial assets	36,294	-	-	-	36,294
Total financial assets	13,008,396	7,403,963	15,608,799	26,817,852	62,839,009
Financial liabilities					
Due to other banks	2,569,573	838,357	1,073,220	1,325,809	5,806,959
Customer accounts	3,775,527	3,369,466	4,976,866	3,908,183	16,030,043
Debt securities issued	1	-	120,000	40,000	160,001
Other borrowed funds	2,417,248	4,496,021	13,295,837	12,424,453	32,633,559
Lease liabilities	443	1,704	1,471	8,443	12,061
Other financial liabilities	85,863	-	-	-	85,863
Subordinated debt	4,929	-	-	246,775	251,705
Total financial liabilities	8,853,585	8,705,548	19,467,394	17,953,663	54,980,191
Net liquidity gap based on expected maturities	4,154,811	(1,301,585)	(3,858,595)	8,984,572	7,979,202
Cumulative liquidity gap at 31 December 2023	4,154,811	2,853,226	(1,005,369)	7,979,203	

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(In millions of Uzbek soums)

The analysis of liquidity based on expected maturity analysis of financial assets and liabilities as at 31 December 2022 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	4,416,753	-	-	-	4,416,753
Due from other banks	90,267	-	-	97,321	187,588
Loans and advances to customers, including finance lease receivables	5,571,213	8,752,915	12,668,086	17,842,228	44,834,442
Investment in debt securities	674,319	201,746	-	30,413	906,478
Other financial assets	33,726	-	-	-	33,726
Total financial assets	10,786,278	8,954,661	12,668,086	17,969,962	50,378,987
Financial liabilities					
Due to other banks	514,159	187,718	5,400	1,957,065	2,664,342
Customer accounts	4,168,149	2,049,138	3,591,942	3,833,424	13,642,653
Debt securities issued	1	-	150,000	120,000	270,001
Other borrowed funds	1,085,476	3,887,785	13,060,859	8,746,715	26,780,835
Lease liabilities	451	1,597	1,440	2,841	6,329
Other financial liabilities	91,004	-	-	-	91,004
Subordinated debt	5,240	-	-	224,509	229,749
Total financial liabilities	5,864,480	6,126,238	16,809,641	14,884,554	43,684,913
Net liquidity gap based on expected maturities	4,921,798	2,828,423	(4,141,555)	3,085,408	6,694,074
Cumulative liquidity gap at 31 December 2022	4,921,798	7,750,221	3,608,666	6,694,074	

Management believes that in spite of the fact that a substantial portion of customer accounts is on demand, diversification of these deposits by number and type of depositors, and the past experience of the Group would indicate that these customer accounts provide a long-term and stable source of funding for the Group. Thus, the management believes that significant maturity mismatch between assets and liabilities with maturity up to 12 months does not represent significant risk to the Group's liquidity, as very low proportion of due to other banks, demand deposits and short-term deposits is expected to be withdrawn based on the Group's past years' and current year experience, which is consistent with the general banking practices in the banking sector of Uzbekistan.

The following table shows undiscounted cash flows on financial liabilities and credit-related contingencies by the earliest contractual maturity. Total gross cash flow amounts outflow disclosed in these tables are contractual undiscounted cash flows on financial liabilities and credit-related contingencies. In relation to financial guarantee contracts the maximum guarantee amount falls within the earliest period when the guarantee might be used.

The undiscounted maturity analysis of financial liabilities at 31 December 2023 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial liabilities					
Due to other banks	2,603,540	592,455	891,884	2,113,349	6,201,228
Customer accounts	4,415,498	3,441,196	4,979,017	3,393,694	16,229,405
Debt securities issued	2,467	12,329	126,478	44,458	185,732
Other borrowed funds	2,649,709	5,610,973	14,785,725	19,128,233	42,174,640
Lease liabilities	615	2,478	2,267	17,215	22,575
Other financial liabilities	85,863	-	-	-	85,863
Subordinated debt	6,200	5,958	7,269	375,192	394,620
Letter of credit	1,130,173	-	-	-	1,130,173
Financial guarantees issued	390,552	-	-	-	390,552
Undrawn credit lines	287,547	-	-	-	287,547
Total potential future payments for financial obligations	11,572,164	9,665,389	20,792,640	25,072,141	67,102,335

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

The undiscounted maturity analysis of financial liabilities at 31 December 2022 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial liabilities					
Due to other banks	526,594	242,686	69,190	2,235,870	3,074,340
Customer accounts	4,369,416	2,361,247	3,781,974	5,264,936	15,777,573
Debt securities issued	4,256	19,288	152,367	134,083	309,995
Other borrowed funds	1,256,741	4,683,653	13,624,206	10,581,001	30,145,601
Lease liabilities	537	1,953	1,741	5,303	9,534
Other financial liabilities	91,004	-	-	-	91,004
Subordinated debts	6,396	5,420	6,613	292,049	310,478
Letter of credit	1,179,011	-	-	-	1,799,011
Financial guarantees issued	559,164	-	-	-	559,164
Undrawn credit lines	606,076	-	-	-	606,076
Total potential future payments for financial obligations	9,219,195	7,314,247	17,636,091	18,513,242	52,682,776

Customer accounts are classified in the above analysis based on contractual maturities. However, in accordance with Uzbekistan Civil Code, individuals have a right to withdraw their deposits prior to maturity if they forfeit their right to accrued interest.

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

Climate-related risks. The Group and its customers may face 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 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 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 had developed a questionnaire to collect climate-related information from its borrowers. The Group is collecting information to perform a robust assessment of physical and transition 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 starting from 2025.

28. Management of capital

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

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

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

- Ratio of regulatory capital to risk weighted assets ("Regulatory capital ratio") above a prescribed minimum level of 13% (2022: 13%). Actual ratio as at 31 December 2023: 17,4% (2022:17,9%);
- Ratio of Group's tier 1 capital to risk weighted assets ("Capital adequacy ratio") above a prescribed minimum level of 10% (2022: 10%). Actual ratio as at 31 December 2023: 15,2% (2022: 15,8%) and;
- Ratio of Group's tier 1 capital to total assets less intangibles ("Leverage ratio") above a prescribed minimum level of 6% (2022: 6%). Actual ratio as at 31 December 2023: 15,7% (2022:16%).

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

	31 December 2023 (unaudited)	31 December 2022 (unaudited)
Tier 1 capital	10,713,482	8,740,543
Share capital	10,770,191	8,553,959
Share premium	1,416	1,416
Retained earnings	749,528	312,503
Less: Deductions from capital	(807,654)	(127,335)
Tier 2 capital	1,550,487	1,206,037
Net profit of the current year	750,890	609,234
Provision for standard assets	541,624	359,624
Subordinated debt	246,775	224,509
Other	11,196	12,670
Total regulatory capital	12,263,969	9,946,580
Tier 1 capital ratio	15.2%	15.8%
Regulatory capital ratio	17.4%	17.9%

The Group's objectives when managing capital are to maintain a sufficient capital base to achieve a regulatory capital ratio and Tier 1 capital ratio based on the CBU of at least 13% and 10% respectively.

29. Contingencies and commitments

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 Management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these consolidated financial statements.

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations can occur frequently. Management's interpretation of legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and federal authorities. Recent events within Uzbekistan suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation 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.

Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. Accordingly, at 31 December 2023 and 31 December 2022 no provision for potential tax liabilities had been recorded. The Group estimates that it has no potential obligations from exposure to other than remote tax risks.

Capital commitments – As at 31 December 2023, the Group had the total capital commitments of UZS 94,941 million (2022: UZS 152,657 million).

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 authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized 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 authorizations to extend credit in the form of loans, guarantees or letters of credit.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

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, if the unused amounts were to be drawn down. 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.

Outstanding credit related commitments are as follows:

	31 December 2023	31 December 2022
Letters of credit, post financing with commencement after reporting period end	1,034,546	1,636,129
Letters of credit, non - post financing	95,627	162,882
Financial guarantees issued	390,552	559,164
Undrawn credit lines	287,547	606,076
Gross credit related commitments	1,808,272	2,964,251
Less: Provision for expected credit losses	(14,188)	(25,147)
Less: Commitment collateralized by cash deposits	(95,627)	(8,427)
Total credit related commitments	1,698,457	2,930,677

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.

Post Financing indicates that the financing arrangement is provided after the shipment of goods. The seller ships the goods to the buyer, and the buyer's bank provides financing to cover the payment due to the seller. "Commencement after reporting period end" specifies that the post-financing arrangement begins after the end of the current financial reporting period.

A non-post financing letter of credit allows the buyer's bank to debit the entire amount of the letter of credit from the buyer's account.

As at 31 December 2023, all credit related commitments are classified as Stage 1 for ECL measurement purposes (31 December 2022: Stage 1) and they are all included in "Standard" rating for internal credit quality purposes (31 December 2022: "Standard"). There were no transitions between stages in 2023 and 2022.

Credit related commitments are denominated in currencies as follows:

	31 December 2023	31 December 2022
USD	1,127,712	721,795
EUR	117,580	1,636,380
UZS	287,547	606,076
Other	275,433	-
Gross credit related commitments	1,808,272	2,964,251

30. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 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 3 measurements are valuations not based on observable market data (that is, unobservable inputs). The Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

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

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The fair value of equity securities measured at fair value through other comprehensive income was determined using dividend discount model for those lacking quoted market prices in an active market or similar instruments. The management of the Bank classified these operations as Level 3 fair value hierarchy.

The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

31 December 2023			
Investments in equity securities	Level 1	Level 3	Total
Corporate shares	28,323	92,061	120,384
Total investment in equity securities	28,323	92,061	120,384
31 December 2022			
Investments in equity securities	Level 1	Level 3	Total
Corporate shares	5,102	25,311	30,413
Total investment in equity securities	5,102	25,311	30,413

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

	2023	2022
Balance at 1 January	25,311	22,993
Purchases	67,067	2,318
Other comprehensive income	(317)	-
Balance at 31 December	92,061	25,311

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

Assets and liabilities not measured at fair value but for which fair value is disclosed

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 financial statements approximate their fair values.

The fair value of financial assets and financial liabilities at 31 December 2023 is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Due from other banks	168,829	153,906	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Investment in debt securities	231,888	245,675	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Loans and advances to customers, including finance lease receivables:						
-Corporate loans	43,429,756	44,885,597	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
-Individuals	10,372,469	8,596,426	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
-State and municipal organisations	3,689,274	3,626,004	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
Due to other banks	5,806,959	5,900,321	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Customer accounts:						
-Term deposits	13,369,023	12,771,195	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
-Current accounts	2,661,020	2,659,298	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Debt securities issued	160,001	173,704	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Other borrowed funds	32,633,559	31,979,039	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Credit related commitments	1,698,457	1,600,858	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value

As at 31 December 2023, the Group determined fair value for some of its financial assets and liabilities using the discounted cash flow model by applying CBU statistical bulletin which became open to public starting 2019. Such financial instruments were categorised as Level 2.

For those financial instruments where interest rates were not directly available in the CBU statistical bulletin, the Management used discounted cash flow model by applying market interest rates based on the rates of the deals concluded towards the end of the reporting period, thereby, categorizing such instruments as Level 3.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

The Fair value of financial assets and financial liabilities at 31 December 2022 is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Due from other banks	187,588	189,960	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Investment in debt securities	876,065	884,735	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Loans and advances to customers, including finance lease receivables:						
-Corporate loans	33,556,579	33,958,566	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
-Individuals	8,113,554	7,103,198	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
-State and municipal organisations	3,164,309	3,133,870	Level 3	Discounted cash flow model	Discount factor, ECL	The greater discount- the smaller fair value
Due to other banks	2,664,342	2,754,805	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Customer accounts						
-Term deposits	9,844,984	8,536,288	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
-Current accounts	3,797,668	3,760,127	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Debt securities issued	270,001	288,577	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Other borrowed funds	26,780,835	25,637,912	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Credit related commitments	2,930,677	2,804,863	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

31. Related party transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

- "Significant shareholders" – legal entities-shareholders which have a significant influence to the Group through Government;
- "Key management personnel" – members of the Management Board and the Council of the Bank (2023: 9 members; 2022: 9 members);
- "Government related entities" – entities that are controlled, jointly controlled or significantly influenced by the Government.

The Government of the Republic of Uzbekistan directly and indirectly controls the Group and has significant influence over a number of entities through its government agencies and other organizations (together referred to as "government related entities"). The Group enters into banking transactions with these entities including but not limited to lending, deposit taking, cash settlements, obtaining borrowings etc.,. 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. 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.

Key management compensation is presented below:

	2023	2022
Salaries and other short term benefits	7,060	6,286
Social security contribution	847	754
Pension contribution	7	6
Total	7,914	7,046

At 31 December 2023, the outstanding balances with related parties were as follows:

	Government related entities	Associates	Key management personnel	Total
Cash and cash equivalents	1,615,879	-	-	1,615,879
-credit loss allowance	35	-	-	35
Due from other banks	105,198	-	-	105,198
-credit loss allowance	197	-	-	197
Loans and advances to customer	3,783,122	-	-	3,783,122
-credit loss allowance	87,562	-	-	87,562
Investment in debt securities	231,888	-	-	231,888
Other assets	3,427	200	-	3,627
Due to other banks	2,916,439	-	-	2,916,439
Customer accounts	6,389,196	-	530	6,389,725
Other borrowed funds	16,498,843	-	-	16,498,843
Debt securities issued	160,000	-	-	160,000
Subordinated debt	251,705	-	-	251,705

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

At 31 December 2022, the outstanding balances with related parties were as follows:

	Government related entities	Associates	Key management personel	Total
Cash and cash equivalents	1,537,416	-	-	1,537,416
-credit loss allowance	33	-	-	33
Due from other banks	157,929	-	-	157,929
-credit loss allowance	289	-	-	289
Loans and advances to customer	3,163,682	31,415	29	3,195,126
-credit loss allowance	30,787	278	-	31,065
Investment in debt securities	876,065	-	-	876,065
Other assets	5,555	200	-	5,756
Due to other banks	2,201,310	-	-	2,201,310
Customer accounts	5,768,368	8	-	5,768,376
Other borrowed funds	15,966,855	-	-	15,966,855
Debt securities issued	115,000	-	-	115,000
Subordinated debt	229,749	-	-	229,749

The income and expense items with related parties for 2023 were as follows:

	Government related entities	Associates	Key management personnel	Total
Interest income	235,989	-	-	235,989
Interest expense	(1,191,257)	-	-	(1,191,257)
Fee and commission income	9,852	-	-	9,852

The income and expense items with related parties for 2022 were as follows:

	Government related entities	Associates	Key management personnel	Total
Interest income	572,444	-	-	572,444
Interest expense	(1,724,749)	-	-	(1,724,749)
Fee and commission income	10,802	-	-	10,802

32. Subsequent events

Subsequent to the reporting date, from January to May 2024, the Group received long-term borrowings from a local financial institution and international financial institutions in the total amount of UZS 8,205,430 million.

Additionally, the Group received short-term deposits from the Ministry of Finance and other state funds and institutions, in the total amount of UZS 1,958,707 million.

The Bank has relocated its Head Office to a new building at 2A, st Botir Zokirov, Tashkent City. Following this, the Board of the CBU issued a resolution on 4 May 2023, to reissue the banking license for JSCB "Agrobank" to reflect the change in registered postal address.

The management of the Group monitors the current developments in the economic and political environment and takes the measures it deems necessary to maintain the sustainability and development of the Bank's business in the near future. However, the consequences of these events and related future changes may have a significant impact on the Group's operations.

Joint Stock Commercial Bank "Agrobank"
Notes to the Consolidated Financial Statements
(in millions of Uzbek soums)

33. Abbreviations

The list of the abbreviations used in these consolidated financial statements is provided below:

Abbreviation	Full name
AC	Amortised Cost
CBU	The Central Bank of the Republic of Uzbekistan
CCF	Credit Conversion Factor
EAD	Exposure at Default
ECL	Expected Credit Loss
EIR	Effective interest rate
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX, Forex	Foreign Currency Exchange
IFRS	International Financial Reporting Standard
IRB system	Internal Risk-Based system
L&R	Loans and Receivables
LGD	Loss Given Default
PD	Probability of Default
ROU asset	Right of use asset
SICR	Significant Increase in Credit Risk
SME	Small and Medium-sized Enterprises
SPPI	Solely Payments of Principal and Interest
SPPI test	Assessment whether the financial instruments' cash flows represent Solely Payments of Principal and Interest

**JOINT STOCK COMMERCIAL BANK
"AGROBANK" AND ITS SUBSIDIARIES**

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

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Table of contents

Statement of management's responsibilities for the preparation and approval of the consolidated financial statements for the year ended 31 December 2022 1

Independent Auditor's Report 2-5

Consolidated Financial Statements for the year ended 31 December 2022:

Consolidated Statement of Financial Position 6
Consolidated Statement of Profit or Loss and Other Comprehensive Income 7-8
Consolidated Statement of Changes in Equity 9
Consolidated Statement of Cash Flows 10-11

Notes to the Consolidated Financial Statements:

1. Organisation 11
2. Operating Environment 12
3. Critical accounting judgements and key sources of estimation uncertainty 12
4. Significant accounting policies 14
5. Application of new and revised International Financial Reporting Standards (IFRSs) 27
6. Cash and cash equivalents 29
7. Due from other banks 30
8. Loans and advances to customers 31
9. Investment securities 36
10. Property, equipment and intangible assets 37
11. Other assets 38
12. Due to other banks 39
13. Customer accounts 39
14. Debt securities issued 40
15. Other borrowed funds 41
16. Other liabilities 43
17. Subordinated debt 43
18. Share capital 44
19. Net debt reconciliation 45
20. Interest income and expense 46
21. Fee and commission income and expense 46
22. Administrative and other operating expenses 47
23. Income taxes 47
24. Earnings per share 49
25. Segment analysis 49
26. Financial risk management 49
27. Management of capital 60
28. Contingencies and commitments 60
29. Fair value of financial instruments 61
30. Related party transactions 65
31. Subsequent events 66

**Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Statement of management's responsibilities for the preparation
and approval of the consolidated financial statements
for the year ended 31 December 2022**

Management of Joint Stock Commercial Bank "Agrobank" ("the Bank") and its subsidiaries ("the Group") is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group as at 31 December 2022, and the related consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with International Financial Reporting Standards ("IFRS").

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

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

Management is also responsible for:

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

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the Management Board of the Group on 26 June 2023.

On behalf of the Management Board:


Mamatkulov R.U.
Chairman of the Management Board



26 June 2023
Tashkent, Uzbekistan


Yuldoshov A.O.
Chief Accountant

26 June 2023
Tashkent, Uzbekistan

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Joint Stock Commercial Bank "Agrobank"

Opinion

We have audited the consolidated financial statements of JSCB Agrobank and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").


Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
<p><i>Assessment and measurement of expected credit losses (ECL) on loans and advances to customers.</i></p> <p>As disclosed in note 8, loans and advances to customers amounted to UZS 46,120,486 million as at 31 December 2022 less expected credit losses (ECL) of UZS 1,286,044 million.</p> <p>For loans assessed on a collective basis, the impairment model incorporates assumptions on probabilities of default (PD), loss given default (LGD)</p>	<p>We obtained an understanding of management's process relating to the assessment and measurement of expected credit losses on loans to customers.</p> <p>With the assistance of our internal credit risk specialist, we analysed the impairment methodology of the Group in respect of loans and advances to customers for its compliance with IFRS 9 requirements.</p>


 Turgunboy Tokhirov, Qualified Auditor

and exposure at default (EAD), which are inherently judgmental (Note 3).

The ECL may be misstated due to errors in the underlying data – incomplete or inaccurate loan information (overdue days, outstanding balances, restructuring status, existence of legal claims and other information) leading to incorrect assessment of PD, LGD and EAD assumptions. In addition, the Group's ECL is highly sensitive to the assumptions used in determining the recovery rates from the sale of collateral or the claims made on insurance policies securing such loans.

Because loans to customers form a major portion of the Group's assets, and due to the significance of the judgments and subjectivity of assumptions used in classifying loans to customers into various stages stipulated in IFRS 9 and assessing the related expected losses, this area was determined as a key audit matter.

We challenged the key assumptions for exposure at default, probability of default and loss given default rates with reference to historical information.

Further, we analysed the integrity of the models and tested accuracy and completeness of input data used in the models by selecting a sample of loans and tracing to source documents.

To test the recovery rates from insurance policies that secured the loans and advances to customers, we tested, on a sample basis, the accuracy and completeness of the data on the historical satisfaction by the insurance companies of the claims made by the Group.

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

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

We found no material exceptions in these tests.

Other Information – Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Turgunboy Tokhirov, Qualified Auditor

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are

Turgunboy Tokhirov, Qualified Auditor

therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

In accordance with Articles 74 of the Law of the Republic of Uzbekistan No. LRU-580 dated 5 November 2019 "On Banks and Banking Activity" (the "Law"), we have performed procedures to check:

- the Bank's compliance with prudential ratios as at 31 December 2022 set by the Central bank;
- whether the elements of the Bank's internal control and organization of risk management systems comply with Central bank requirements.

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

Our findings from the procedures performed are as follows.

Based on our procedures with respect to the Bank's compliance with prudential ratios set by the Central bank, we found that the Bank's prudential ratios, as at 31 December 2022, were within the limits set by the Central bank.

We have not performed any procedures on the underlying accounting data of the Bank, other than those which we considered necessary to enable us to express an opinion as to whether the Group's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS.

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

- in accordance with Central bank requirements and recommendations, as at 31 December 2022, the Bank's internal audit function was subordinated and accountable to the Supervisory Board, and the risk management function of the Bank was not subordinated and accountable to subdivisions assuming corresponding risks;
- the frequency of reports prepared by the Bank's internal audit function during 2022 complied with Central bank requirements. The reports were approved by the Bank's Supervisory Board and included observations made by the Bank's internal audit function in respect of internal control systems;
- as at 31 December 2022 the Bank has an information security function in place as required by the Central bank, and an information security policy was approved by the Bank's Management Board. The information security function was subordinated to and reported directly to the Chairman of the Management Board;
- Reports by the Bank's information security function to the Chairman of the Management Board during 2022 included an assessment and analysis of information security risks, and the results of actions to manage such risks;
- the Bank's internal documentation, effective as at 31 December 2022, that sets out methodologies to identify and manage the Bank's significant risks, and carry out stress-testing, was approved by the Bank's authorised management bodies in accordance with Central bank requirements and recommendations;
- as at 31 December 2022, the Bank maintained a system for reporting on the Bank's significant risks, and on the Bank's capital;

Turgunboy Tokhirov, Qualified Auditor

- the frequency during 2022 of reports prepared by the Bank's risk management functions, and which cover the Bank's management of significant risks, was in compliance with the Bank's internal documentation. Those reports included observations made by the Bank's risk management functions as to their assessment of the Bank's significant risks, risk management system and recommendations for improvement;
- as at 31 December 2022, the Supervisory Board and Executive Management of the Bank had responsibility to monitor the Bank's compliance with risk and capital adequacy limits set by Bank internal documentation. To exercise control over the effectiveness of Bank's risk management procedures and their consistent application during 2022, the Supervisory Board and Executive Management of the Bank regularly discussed the reports prepared by the risk management and internal audit functions of the Bank, and considered proposed measures to eliminate weaknesses.

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



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

Turgunboy Tokhirov
Qualified Auditor

Auditor qualification certificate authorizing audit of companies, #05422 dated 20 August 2016 issued by the Ministry of Finance of the Republic of Uzbekistan

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


26 June 2023
Tashkent, Uzbekistan

Acting Director
"Deloitte & Touche" Audit Organisation LLC

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Financial Position
as at 31 December 2022
(in millions of Uzbek soums)


	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and cash equivalents	6,30	4 416 753	3 411 673
Due from other banks	7,30	187 588	208 872
Loans and advances to customers	8,30	44 834 442	32 068 653
Investment securities	9,30	906 478	1 978 864
Investment in associates		52 511	51 744
Deferred income tax assets	23	161 245	114 396
Property, equipment and intangible assets	10	1 974 757	1 261 301
Right-of-use assets		5 756	7 844
Other assets	11,30	248 185	322 356
Current income tax prepayment		159 953	121 985
TOTAL ASSETS		52 947 668	39 547 688
LIABILITIES			
Due to other banks	12,30	2 664 342	994 133
Customer accounts	13,30	13 642 653	12 257 779
Debt securities issued	14,30	270 001	112 109
Other borrowed funds	15,30	26 780 835	16 887 348
Lease liabilities		6 329	11 342
Other liabilities	16	179 609	217 000
Current income tax liabilities		153 656	50 690
Subordinated debt	17,30	229 749	221 812
TOTAL LIABILITIES		43 927 174	30 752 213
EQUITY			
Share capital	18	8 579 005	5 632 829
Additional paid-in capital	18	-	2 946 176
Share premium	18	1 412	1 412
Treasury shares	18	(115)	(115)
Revaluation reserve for investment securities		4 882	4 882
Retained earnings		412 267	212 899
Equity attributable to owners of the Bank		8 997 451	8 798 083
Non-controlling interest		23 043	(2 608)
TOTAL EQUITY		9 020 494	8 795 475
TOTAL LIABILITY AND EQUITY		52 947 668	39 547 688

On behalf of the Management Board:


Mamatkulov R.U.
Chairman of the Board

26 June 2023
Tashkent, Uzbekistan




Yuldoshov A.O.
Chief Accountant

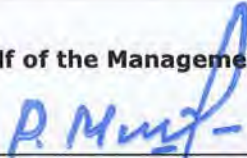
26 June 2023
Tashkent, Uzbekistan

The notes on pages 11-66 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2022
(in millions of Uzbek soums)


	Notes	2022	2021
Interest income	20,30	5 312 885	4 207 966
Interest expense	20,30	(3 055 490)	(2 522 723)
Net interest income	20	2 257 395	1 685 243
Provision for expected credit losses	8	(1 241 534)	(760 115)
Net interest income after provision charge for expected credit losses		1 015 861	925 128
Fee and commission income	21,30	853 474	509 711
Fee and commission expense	21,30	(478 267)	(189 907)
<i>Net gains from foreign currencies:</i>			
- dealing transactions		776 299	122 730
- translation differences		13 073	12 992
Dividend income		6 366	3 295
Other operating income		40 487	33 607
(Provision)/ recovery for impairment on other non-financial assets		(6 927)	7 847
Provision for expected credit losses on other financial assets and credit related commitments		(7 303)	(6 198)
Administrative and other operating expenses	22	(1 912 798)	(1 359 423)
Profit before tax		300 265	59 782
Income tax (expense)/ benefit	23	(106 807)	10 828
NET PROFIT FOR THE YEAR		193 458	70 610
Profit is attributable to:			
-Owners of the Bank		199 514	70 610
-Non-controlling interest		(6 056)	-
Net profit for the year		193 458	70 610
Earnings per ordinary share for profit attributable to the owners of the Bank, basic and diluted in UZS	24	28	16
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		193 458	70 610
Total comprehensive income is attributable to:			
- Owners of the Bank		199 514	70 610
- Non-controlling interest		(6 056)	-
Total comprehensive income for the year		193 458	70 610

On behalf of the Management Board:


Mamatkulov R.U.
Chairman of the Board

26 June 2023
Tashkent, Uzbekistan




Yuldoshov A.O.
Chief Accountant

26 June 2023
Tashkent, Uzbekistan

The notes on pages 11-66 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Changes in Equity
for the year ended 31 December 2022
(in millions of Uzbek soums)

		Attributable to owners of the Bank							
Notes	Share capital	Additional paid-in capital	Share premium	Treasury shares	Revaluation reserve for investment securities	Retained earnings	Equity attributable to owners of the Bank	Non-controlling interest	Total equity
1 January 2021	4 932 829	-	1 412	(115)	4 882	142 435	5 081 443	(2 608)	5 078 835
Net profit for the year	-	-	-	-	-	70 610	70 610	-	70 610
Total comprehensive income for 2021	-	-	-	-	-	70 610	70 610	-	70 610
Shares issued	700 000	2 946 176	-	-	-	-	3 646 176	-	3 646 176
Dividends declared - preferential shares	-	-	-	-	-	(146)	(146)	-	(146)
31 December 2021	5 632 829	2 946 176	1 412	(115)	4 882	212 899	8 798 083	(2 608)	8 795 475
Net profit/ (loss) for the year	-	-	-	-	-	199 514	199 514	(6 056)	193 458
Total comprehensive income for 2022	-	-	-	-	-	199 514	199 514	(6 056)	193 458
Shares issued	2 946 176	(2 946 176)	-	-	-	-	-	-	31 707
Dividends declared - preferential shares	-	-	-	-	-	(146)	(146)	-	(146)
31 December 2022	8 579 005	-	1 412	(115)	4 882	412 267	8 997 451	23 043	9 020 494

On behalf of the Management Board:

P. Mamatkulov

Mamatkulov R.U.
Chairman of the Board

26 June 2023
 Tashkent, Uzbekistan



Yuldoshov A.O.
Chief Accountant

26 June 2023
 Tashkent, Uzbekistan

The notes on pages 11-66 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Cash Flows
for the year ended 31 December 2022
(in millions of Uzbek soums)


	Notes	2022	2021
Cash flows from operating activities			
Interest received		4 707 730	3 944 557
Interest paid		(2 945 237)	(2 532 673)
Fee and commission received		847 062	497 536
Fee and commission paid		(478 267)	(189 907)
Other income received		806 157	157 664
Staff costs paid		(1 091 122)	(802 945)
Administrative and other operating expenses paid		(801 685)	(312 075)
Income tax paid		(88 658)	(138 986)
Cash flows from operating activities before changes in operating assets and liabilities		955 980	623 171
<i>Net (increase) / decrease in:</i>			
- due from other banks		37 061	40 288
- loans and advances to customers		(13 140 172)	(7 498 972)
- other assets		(16 990)	13 818
<i>Net increase / (decrease) in:</i>			
- due to other banks		381 262	(1 692 659)
- customer accounts		1 348 421	2 731 393
- <i>debt securities issued</i>		159 035	23 344
- other liabilities		9 244	8 928
Net cash used in operating activities		(10 266 159)	(5 750 689)

The notes on pages 12-66 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Consolidated Statement of Cash Flows
for the year ended 31 December 2022 (continued)
(in millions of Uzbek soums)


	Notes	2022	2021
Cash flows from investing activities			
Acquisition of premises, equipment and intangible assets		(758 181)	(275 067)
Proceeds from sale of premises and equipment		12 470	19 404
Acquisition of investment securities		(886 085)	(1 895 755)
Proceeds from redemption of investment securities		1 955 871	1 326 552
Acquisition of consumable biological assets	11	-	(42 975)
Acquisition of greenhouse	11	-	(46 358)
Acquisition of investment in associate		(767)	(434)
Dividend income received		6 366	3 295
Net cash flow from/(used in) investing activities		329 674	(911 338)
Cash flows from financing activities			
Issue of share capital	18	-	700 000
Proceeds from long-term placements of other banks	12	1 244 950	106 400
Repayment of long-term placements of other banks	12	(15 369)	(1 107)
Proceeds from other borrowed funds		27 029 727	22 841 995
Repayment of other borrowed funds		(17 372 688)	(16 607 832)
Dividends paid		(146)	(146)
Repayment of lease liabilities	10	(5 861)	-
Net cash from financing activities		10 880 613	7 039 310
Effect of exchange rate changes on cash and cash equivalents		61 293	45 207
Effect of expected credit loss	6	(341)	(46)
Net increase in cash and cash equivalents		1 005 080	422 444
Cash and cash equivalents at the beginning of the year	6	3 411 673	2 989 229
Cash and cash equivalents at the end of the year		4 416 753	3 411 673
Non-cash transactions:			
<i>Leasing of greenhouses and biological assets</i>			
-Loans and advances to customers		98 095	-
-Other assets		(98 095)	-
<i>Recognition of guarantees</i>			
-Loans and advances to customers		57 059	-
-Other borrowed funds		57 059	-
<i>Conversion of debt into shareholders' equity</i>			
-Share capital	18	-	2 946 176
-Other borrowed funds	18	-	(2 946 176)

On behalf of the Management Board


Mamatkulov R.U.
Chairman of the Board

26 June 2023
Tashkent, Uzbekistan




Yuldoshov A.O.
Chief Accountant

26 June 2023
Tashkent, Uzbekistan

The notes on pages 12-66 form an integral part of these consolidated financial statements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

1. Organisation

The Bank is a Joint Stock Company set up in accordance with Uzbekistan legislation.

The Bank was established in 1995 under the laws of the Republic of Uzbekistan and has operated under the banking license #78 re-issued by the Central Bank of Uzbekistan ("CBU") on 21 October 2017.

Principal activity. The Bank's principal activities are commercial banking, retail banking, operations with securities, foreign currencies and originating loans and guarantees. The Bank accepts deposits from legal entities and individuals and grants loans, transfers payments within Uzbekistan and abroad. The Bank conducts its banking operations from its head office in Tashkent and 171 branches within Uzbekistan as of 31 December 2022 (31 December 2021: 170 branches).

The Bank participates in the state deposit insurance scheme introduced by the Uzbek Law #360-II "Insurance of Individual Bank Deposit" dated 5 April 2002. On 28 November 2008, the President of the Republic of Uzbekistan issued Decree No. UP-4057, according to which 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.

The Government of Uzbekistan is the ultimate controlling party of the Bank. A substantial volume of the Bank's operations is with entities controlled directly or indirectly by the Government of Uzbekistan. As such, the Bank's strategy reflects the Government's strategy in developing the country's economy. Namely, the Bank plays a significant role in the distribution of funds of the country's budget, which flow through the Bank to different governmental agencies and state owned and controlled entities. In addition, being an agent of the Government in financing cotton and grain related sectors of the economy, the Bank channels funds of the State Support Fund for Agriculture under the Ministry of Finance (reformed into Ministry of Economy and Finance subsequent to reporting date) of the Republic of Uzbekistan among state entities related to these sectors.

Registered address and place of business. The Bank's registered address is: 43, Mukimiy Street, Tashkent, 100096, Uzbekistan.

Presentation currency. These consolidated financial statements are presented in Uzbek Soums ("UZS"), unless otherwise stated.

Shareholders. At 31 December 2022 and 2021, the interest of the shareholders in the Bank's capital was as follows:

in %	2022	2021
The Fund of Reconstruction and Development of the Republic of Uzbekistan	46.32	70.66
Ministry of Finance of the Republic of Uzbekistan	52.22	27.12
Other legal entities (individually hold less than 1%)	1.37	2.09
Other shareholders (individually hold less than 1%)	0.09	0.13
Total	100	100

Subsidiaries. These consolidated financial statements include the following subsidiaries as at 31 December 2022 and 2021:

Subsidiary	Ownership		Country	Industry	Year of acquisition
	2022	2021			
JSC "Agro Finans Leasing" (Pakhta Leasing)	99.5%	99.5%	Uzbekistan	Leasing	2006
"Leader Finance" LLC	100%	100%	Uzbekistan	Depository	2004
"Leader Finance Capital" LLC	100%	-	Uzbekistan	Brokerage service	2022
Universtiy of Digital Economics and Agrotechnologies	51%	-	Uzbekistan	Universtiy	2022
"Agrolab O' HQM" LLC	100%	100%	Uzbekistan	Laboratory	2021
"Agro In Vitro" LLC	100%	-	Uzbekistan	In vitro laboratory	2022

JSC "Agro Finans Leasing" (Pakhta Leasing) was registered in Tashkent city on 17 March 2006. Starting from January 2020 the company has changed its main activity from sale and lease of agriculture

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

machinery and spare parts to building greenhouses across the country and selling or leasing them upon completion.

"Leader Finance" LLC was registered in Tashkent city on 13 September 2004. The activities of the company include depository services, as well as acting as investment agent and an investment consultant.

"Leader Finance Capital" LLC was registered in Tashkent city on 23 December 2022. The activities of the company include brokerage services for contracts for securities and commodities.

2. Operating Environment

Emerging markets such as Uzbekistan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Uzbekistan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Uzbekistan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Uzbekistan produces and exports gold in large volume, its economy is sensitive to the price of gold on the world market.

During 2022, the gold price was subject to significant fluctuations with the average price of 1,801.87 USD per troy ounce (2021: 1,798.89 USD per troy ounce). For the year ended 31 December 2022, Uzbekistan's gross domestic product ("GDP") grew by 5.7%. In 2022, the highest inflation over the past three years was recorded in the country, amounting to 12.3% per annum (in 2021, inflation was 9.98% per annum).

The military and political conflict between Russia and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises. As a result of these sanctions, the export of labour to Russia and the related level of remittances may also reduce, which could have a negative impact on the economy of Uzbekistan.

Moreover, in March 2022, the Uzbekistan Soum depreciated against major foreign currencies amid the external geopolitical situation. To reduce the negative impact of external factors on the economy of Uzbekistan, the Central Bank of the Republic of Uzbekistan made a number of adjustments to the base rate throughout 2022 and fixed it at 15% per annum at the end of the year comparing to 14% per annum at the beginning of the period. In addition, interventions on the currency market were performed to support the Uzbekistan Soum exchange rate against foreign currencies. However, there is uncertainty related to the future developments of geopolitical risks and their impact on the economy of the Republic of Uzbekistan.

Management of the Bank is monitoring developments in the economic, political, and geopolitical situation and taking measures it considers necessary to support the sustainability and development of the Bank's business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Bank's operations.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Group management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical accounting judgements

Determination of fair value of the assets with non-market terms

Loans issued by the Group in accordance with the instructions of the authorities do not have similar financial instruments in the market, have been granted under government programs and due to their uniqueness and the specifics of the government lending program and category of borrowers, form a

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

separate market segment. Therefore, the management believes that contractual interest rates are market rates for such loans and therefore the Group initially recognizes loans at fair value, which equals their nominal value.

Determination of fair value of financial liabilities raised on terms other than market terms

The Group's financial liabilities are initially recognized at fair value. Where financial liabilities bear interest at different rates than market rates in order to form related assets, the interest rates of which also do not correspond to market rates taking into account the Group's margin, the nominal value of financial liabilities is recognized as the fair value.

Where liabilities that do not have related assets are raised under terms that are different from market terms, the fair value of the liability is determined using valuation techniques that discount the liability at the interest rate determined as the market average for similar liabilities at the date of initial recognition.

Measurement of allowances for expected credit losses ("ECL")

The allowances for ECL of financial assets in the consolidated financial statements have been determined on the basis of existing economic and political conditions. The Group incorporates forward-looking information into a measurement of ECL when there is a statistically proven correlation between the macro-economic variables and the NPL. As at the reporting date, statistical tests have failed and ECL across all loan portfolios has not been adjusted for forward-looking information and macroeconomic scenarios. The Management updates its statistical tests for correlation as at each reporting date. For the carrying amount of the allowance for ECL of loans and advances to customers, investment securities, other assets, cash and cash equivalents, due from other banks and contingencies and commitments refer to Notes 6, 7, 8, 9, 11, 28.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Establishing groups of assets with similar credit risk characteristics. When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Significant increase of credit risk

As explained in Note 4, ECL are measured as an allowance equal to 12 months ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable information.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See Note 8 for more details on ECL and Note 29 for more details on fair value measurement.

Key sources of estimation uncertainty

The below are listed key estimations that the management have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Probability of default

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

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

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

Loss Given Default

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

LGD for treasury operations is determined according to the Default Study data from international rating agencies (S&P, Fitch, Moody's) and depends on the type of debt on the financial asset: senior secured/unsecured, subordinated, sovereign.

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

4. Significant accounting policies

Statement of compliance. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Going concern. These consolidated financial statements have been prepared on the assumption that the Group is as a going concern and will continue in operation for the foreseeable future.

The Group's activities continue to be affected by the uncertainty and instability of the current economic environment. The financial position and the results of the Bank continue to be significantly impacted by the reforms of the government, including those directed at increasing living standards, incomes, and job opportunities in rural regions.

For the year ended 31 December 2022, the Group had a cash outflow from operating activities mainly as a result of on-lending the funds received from international financial institutions and the State, to finance the government and investment projects on the territory of the Republic of Uzbekistan, increasing the loans and advances to customers by 40%. In addition, the Management of the Group has made certain adjustments to its liquidity position as disclosed in Notes 15 and 26.

Management believes that the Group will be able to continue as a going concern for the foreseeable future based on the following:

- In accordance with the "Strategy for reforming the Banking system of Republic of Uzbekistan for 2020-2025" approved by President on 12 May 2020, the Government plans to sell six State owned Banks but remain its ownership in three Banks including JSCB Agrobank.
- Continued ongoing support by the Government of the Republic of Uzbekistan ("the State"). The Group is a state owned bank with the Ministry of Finance of the Republic of Uzbekistan and UFRD as key shareholders, jointly holding 98.54% interest in the share capital of the Bank. The Group is a strategic financial institution of the Republic of Uzbekistan, responsible for the development of agricultural sector, as well as promoting entrepreneurship activities.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

- Subsequent to the reporting date, the Group received long-term credit lines in the amount of UZS 9,383,357 million with maturities ranging from 1 to 19 years for financing of the projects related to the agricultural industry on the basis of Presidential Decrees.
- The Bank plays a vital role as a government arm/vehicle to channel the State funds to the strategic sectors of the economy of Uzbekistan. The Management believes that in spite of a substantial portion of customer accounts being on demand, the fact that significant portion of these customer accounts are of large State controlled entities which are either the Group's shareholders or its entities under common control and the past experience of the Group indicate that these customer accounts provide a long-term and stable source of funding for the Group.

Basis of preparation. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 5).

The Group is required to maintain its records and prepare its financial statements for regulatory purposes in Uzbekistan Soums in accordance with Uzbekistan Accounting Legislation and related instructions. These consolidated financial statements are based on the Bank's Uzbekistan Accounting Legislation books and records, adjusted and reclassified in order to comply with IFRS.

These financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Consolidated financial statements. Subsidiaries, which are those entities over which the Group has control, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee only if the following conditions are met:

- power over the investee (i.e., the rights that give it the current ability to govern the relevant activities of the investee);
- the Group has exposure associated with variable income from participation in the investee, or rights to receive such income;
- the Group is able to affect its returns by exercising its power over the investee.

Generally, it is assumed that the majority of voting rights give rise to control. In order to support this assumption and when the Group has less than a majority of the votes or similar rights over an investee, the Group considers all significant facts and circumstances in assessing whether it has power over that investee:

- agreements with other vote holders in the investee;
- rights arising from other agreements;
- voting rights and potential voting rights held by the Group.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated in full; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Losses of a subsidiary are attributed to the non-controlling interest even if this results in a deficit balance.

If the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary (including goodwill) and the carrying amount of any non-controlling interest in the cumulative translation differences recorded in equity; recognizes the fair value of the consideration received, the fair value of any surplus or deficit in profit or loss on the remaining investment; reclassifies the parent's share of the components previously recognized in other comprehensive income.

Non-controlling interest is that part of the net results and equity of a subsidiary attributable to equity interests that are not owned, directly or indirectly, by the Bank. Non-controlling interest represents a separate component of the Group's equity.

Investments in associates. Associates are entities in which the Group generally holds between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which are not controlled by the Group or jointly controlled by the Group and other parties. Investments in associates are accounted

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

for using the equity method of accounting and are initially recognized at cost, including goodwill. Subsequent changes in the carrying amount reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates' profits or losses is recognized in profit or loss, and its share of movements in reserves is recognized in other comprehensive income. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate.

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

Amortized cost and gross carrying amount. The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortized cost is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense. The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Fees and commission. Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognized as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognized on a straight-line basis over the commitment period.

A contract with a customer that results in a recognized financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Financial assets and financial liabilities

Classification

Financial assets. On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognized in other comprehensive income, except for the following, which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:

- interest income using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognized in profit or loss. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in other comprehensive income. Cumulative gains and losses recognized in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment. The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. This includes the management's strategy on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or expected cash outflows or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Group's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose and the Group continues to recognize these assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group analyses:

- contingent events that would change the amount and timing of cash flows;
- terms and conditions that may adjust the coupon rate stipulated in the contract, including variable rate terms;

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

- prepayment and extension terms; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse financial asset arrangements).

A prepayment condition meets the SPPI criterion if the amount paid at prepayment represents essentially the outstanding portion of the principal and interest on the outstanding portion and may include reasonable additional compensation for early termination of the contract. In addition, a prepayment condition shall be deemed to meet this criterion if the financial asset is acquired or created with a premium or discount to the nominal amount specified in the contract, the amount payable on prepayment is in effect the nominal amount specified in the contract plus contractual accrued (but not paid) interest (and may also include reasonable additional compensation for early termination of the contract); and at initial recognition of a financial asset, the fair value of its early redemption condition is insignificant.

Financial assets - subsequent assessment and profit and loss

Financial assets measured at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss for the period.

Financial assets measured at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by the amount of impairment losses. Interest income, foreign currency gains, losses and impairment losses are recognized in profit or loss. Any gain or loss arising on derecognition is recognized in profit or loss for the period.

Investment in debt instruments measured at FVOCI These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign currency gains, losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. When derecognized, the gains or losses accumulated in other comprehensive income are reclassified to profit or loss for the period.

Investments in equity instruments measured at FVOCI These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless it is clear that the dividend represents a return on part of the investment's cost. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss for the period.

Impairment of financial assets.

The financial asset is considered to be in default, or credit impaired, when it meets one or more of the following criteria:

For loans and advances to corporate clients and state and municipal organisations:

- the borrower is more than 90 days past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for more than 90 days;
- the loan had experienced the change in repayment schedule resulting in decrease of borrowers' repayments amount within 12 months for 50% or more;
- the loan had experienced prolongation of loan life period for more than 12 months;
- the loan had experienced the change in repayment schedule of principal and interest or change in interest rate which results in 10% decrease of initially determined discounted future cash flow;
- the loan has been classified as uncollectible in accordance with CBU instructions;
- cross default;
- involvement of the borrower in litigation processes;
- filing bankruptcy proceedings or declaring the debtor as bankrupt.

For loans and advances to individuals:

- the borrower is more than 90 days past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for more than 90 days due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule resulting in decrease of borrowers' repayments amount within 12 months for 50% or more due to deterioration in the borrower's creditworthiness;

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

- the loan had experienced prolongation of loan life period for more than 12 months due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule of principal and interest or change in interest rate which results in 10% decrease of initially determined discounted future cash flows;
- the loan has been classified as uncollectible in accordance with CBU instructions;

For other financial assets, debt securities and other treasury assets:

- the counterparty is more than 7 days overdue;
- the decision of Regulator to liquidate the counterparty and revoke of the license of the counterparty.

Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative criteria have been met:

For loans and advances to corporate clients and state and municipal organisations:

- decrease in the class of loan classification of the Borrower in comparison with its class at the date of comparison by 2 or more points and / or to the level of "unsatisfactory";
- the borrower is more than 30 days but less than 90 past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for less than 90 days due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule resulting in decrease of borrowers repayments amount within 12 months for 50% or less due to deterioration in the borrower's creditworthiness;
- the loan had experienced prolongation of loan life period for less than 12 months due to deterioration in the borrower's creditworthiness;
- property disputes between beneficiaries owning more than 20% of the borrower's shares, each for an amount exceeding 30% of the EAD;
- Revision and prolongation of loan terms is carried out on the basis of a decision of the Government bodies or other authorities/superior bodies.

For loans and advances to individuals:

- the loan has been classified as unsatisfactory in accordance with CBU instructions;
- the borrowers is more than 30 days but less than 90 past due on its contractual payments;
- the loan had experienced a restructuring of accrued interest for less than 90 days due to deterioration in the borrower's creditworthiness;
- the loan had experienced the change in repayment schedule resulting in decrease of borrower's repayments amount within 12 months for 50% or less due to deterioration in the borrower's creditworthiness;
- the loan had experienced prolongation of loan life period for less than 12 months due to deterioration in the borrower's creditworthiness;
- Revision and prolongation of loan terms is carried out on the basis of a decision of the Government bodies or other authorities/superior bodies.

For other financial assets, debt securities and other treasury assets:

- deterioration of the counterparty's or issuer's rating by 2 or more notches;
- counterparty is more than 1 day past due on its contractual payments (except for cases of delay in the transfer of funds related to interbank correspondence).

ECL measurement - description of estimation techniques

General principle

For financial assets that are not purchased or originated credit impaired ("POCI") assets. ECLs are generally measured based on the risk of default over one of two different time periods, depending on whether the borrower's credit risk has increased significantly in a three-stage model for ECL measurement:

Stage 1: a group of financial instruments for which no significant increase in the credit risk level has been recorded since initial recognition and provisions for this group are created as 12 months ECL, and interest income is calculated based on the gross book value.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

Stage 2: a group of financial instruments for which a significant increase in the credit risk level has been recorded since the initial recognition and for which provisions equal the ECL amount for the instrument's lifetime, and interest income is calculated based on the gross carrying amount of the financial asset.

Stage 3: a group of credit-impaired financial instruments, for which provisions equal the ECL amount for the instrument's lifetime, and interest income is accrued based on the carrying amount of the asset, net of the loss allowance.

The Group defines individually significant loans as loans with total outstanding balances exceeding the threshold of 0.1% of the Group's loan portfolio as at reporting date. ECL for individually significant loans in Stage 3 are assessed on an individual basis, whereas, ECL for individually significant loans in Stage 1 and 2 are assessed on a collective basis.

ECL for POCI financial assets is always measured on a lifetime basis (Stage 3), and at the reporting date, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12 months ECL.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original.

If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

When modification results in derecognition, a new loan is recognized and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Group renegotiates loans and advances to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behavior over a period of time (6 months) before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss provision reverts to being measured at an amount equal to 12 months ECL.

Presentation of provision for ECL in the consolidated statement of financial position

Loss provisions for ECL are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

assets;

- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss provision for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss provision over the gross amount of the drawn component is presented as a provision.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial liabilities – classification, subsequent assessment and profit and loss

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at fair value through profit or loss, if it is classified as held for trading, it is a derivative, or it is designated as such by the entity on initial recognition. Financial liabilities at FVTPL are measured at fair value, and net gain or loss, including any interest expense, is recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign currency gains and losses are recognized in profit or loss. Any gain or loss arising on derecognition is also recognized in profit or loss.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in interest rates initiated by the Group due to changes in the CBU key rate, if the loan agreement entitles the Group to do so.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of financial asset that lead to non-compliance with the SPPI criterion (e.g. inclusion of conversion feature).

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

The Group further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Financial liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

Reclassification

Financial liabilities are not reclassified subsequent to their initial recognition.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Group enters into transactions whereby it transfers assets recognized on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such transactions are securities lending transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. For a service contract, the Group is required to recognize either a service asset (if the consideration to be received is more than sufficient compensation for the performance of the service) or a service liability (if the consideration to be received is not sufficient compensation for the performance of the service).

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. Any cumulative gain/loss recognized in other comprehensive income in respect of financial liabilities designated as at FVTPL is not recognized in profit or loss on derecognition of such financial liabilities.

Loans and advances to customers

Loans and advances to customers' caption in the consolidated statement of financial position include: loans and advances to customers measured at amortized cost (see Note 8); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost less ECL using the effective interest method.

Fair value through profit or loss

- Trading assets were those assets that the Group acquired or incurred principally for the purpose of selling or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit or position taking. Trading assets were initially recognized and subsequently measured at fair value in the consolidated statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value were recognized as part of net trading income in profit or loss.

Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Group designates liabilities at FVTPL.

When the Group designates a financial liability as at FVTPL, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in other comprehensive income as a liability credit reserve. On initial recognition of the financial liability, the Group assesses whether presenting the amount of change in the fair value of the liability that is attributable to credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. This assessment is made by using a regression analysis to compare:

- the expected changes in the fair value of the liability related to changes in the credit risk; with
- the impact on profit or loss of expected changes in fair value of the related instruments.

Amounts presented in the liability credit reserve are not subsequently transferred to profit or loss. When

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

these instruments are derecognized, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured as follows:

- at the higher of the loss allowance determined in accordance with IFRS 9 (see Note 3(d)(iv)) and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15; and

The Group has issued no loan commitments that are measured at FVTPL.

For other loan commitments:

- the Group recognizes a loss provision;

Liabilities arising from financial guarantees and loan commitments are included within provisions.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from the CBU (excluding obligatory reserves) and amounts due from credit institutions that mature within 90 days of the date of origination and are free from contractual encumbrances.

Investment securities

Investment securities includes equity securities measured at fair value, with fair value changes recognized immediately in other comprehensive income and debt securities measured at amortised cost.

Amounts due to and due from credit institutions

In the normal course of business, the Group advances amounts due from credit institutions for various periods of time. Amounts due from other banks are not available for immediate or short-term sale and are carried at amortized cost using the effective interest rate if they have fixed maturities. Amounts that do not have fixed maturities are carried at amortized cost based on the expected maturities of those assets. Amounts due from credit institutions are carried net of any provision for impairment losses.

Mandatory reserve deposits with CBU represent mandatory reserve deposits which are not available to finance the Bank's day to day operations. Obligatory reserves with CBU are included in amounts due from credit institutions for the purposes of the statement of cash flows.

Amounts due to credit institutions are recorded when cash or other assets are advanced to the Group by counterparty banks. These non-derivative financial liabilities are carried at amortized cost.

Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee. Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Group:

1. Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
2. Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
3. Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'Administrative and other operating expenses' in profit or loss.

Customer accounts

Customer accounts are non-derivative financial liabilities to individuals, state or corporate customers and are carried at amortized cost.

Borrowings

Borrowings are non-derivative liabilities from state and financial institutions and are carried at amortized cost.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Pledged property recovered from outstanding loans

Pledged property recovered from outstanding loans represents financial and non-financial assets received by the Group in settlement of overdue loans. These assets are initially recognized at fair value upon receipt and included in property and equipment or other non-financial assets depending on their nature and the Group's intention in respect of recovery of these assets and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

Prepayments

Prepayments are non-financial assets that are initially measured at cost less accumulated impairment losses.

Property and equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying amount of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Depreciation of an asset begins when it becomes available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

	Years
Building and premises	20-30
Office and computer equipment	5-10

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in administrative and other operating expenses, unless they qualify for capitalization.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

Intangible assets

Intangible assets include software and licenses.

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Upon initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets have limited or indefinite useful lives. Intangible assets with limited useful lives are amortized over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortization periods and procedures for intangible assets with indefinite useful lives are reviewed at least annually at the end of each reporting year.

	Years
License	5- 6
Software	5- 6

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividend rights are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are recorded as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognized share premium.

Preference shares which carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholder are classified as financial liabilities and are presented in other borrowed funds. The dividends on these preference shares are recognised as interest expense on an amortised cost basis, using the effective interest method.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorized for issue.

Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to equity holders of the Bank by the weighted average number of shares outstanding during the reporting year.

Contingent assets and liabilities

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

Employee benefits and social security contributions

In the Republic of Uzbekistan, the Group contributes to the unified social tax system. These contributions are also recorded on an accrual basis. Unified social tax includes contributions to the Pension Fund. The Group does not have its own pension scheme. Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group.

Taxation

The current income tax charge is calculated in accordance with the regulations of the Republic of Uzbekistan and the cities in which the Bank has offices, branches and subsidiaries.

Deferred tax assets and liabilities are calculated in respect of all temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for consolidated financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

Deferred tax assets are recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognized on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Foreign currency translation.

The functional currency of the Group, which is the currency of the primary economic environment in which the Group operates and the Group's presentation currency is the national currency of the Republic of Uzbekistan, Uzbekistan Soum ("UZS").

Monetary assets and liabilities are translated into Group's functional currency at the official exchange rate of the CBU at the end of respective reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into Group's functional currency at year-end official exchange rates of the CBU are recognised in profit or loss for the year. Translation at the year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

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

The results and financial position of each group entity are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the respective reporting period;
- (ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- (iii) components of equity are translated at the historic rate; and
- (iv) all resulting exchange differences are recognised in other comprehensive income.

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

5. Application of new and revised International Financial Reporting Standards (IFRSs)

New and revised IFRS Standards in issue but not yet effective.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<i>New or revised standard or interpretation</i>	<i>Applicable to annual reporting periods beginning on or after</i>
<i>Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles).</i>	1 January 2023
<i>Amendments to IAS 8 – "Definition of Accounting Estimates"</i>	1 January 2023
<i>Amendments to IAS 1 and IFRS Practice Statement 2 – "Disclosure of Accounting Policies"</i>	1 January 2023
<i>Annual Improvements to IFRS Standards 2018-2020:</i>	
<i>Amendments to IAS 12 Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction</i>	1 January 2023

The Group does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles). The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IAS 8 "Definition of Accounting Estimates". The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

1. The definition of a change in accounting estimates is replaced with a definition of accounting estimates;
2. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty;
3. The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error;
4. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods.

The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

Amendments to IAS 1 and IFRS Practice Statement 2 – "Disclosure of Accounting Policies". Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:

5. An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
6. Several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
7. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
8. The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
9. The amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

Annual Improvements to IFRS 2018-2021 Cycles. The list of amendments includes amendments to the three standards, as well as annual improvements to the Board, which are changes that clarify the wording or eliminate minor inconsistencies, omissions or contradictions between the requirements in the standards.

- **The amendments to IFRS 3 Business Combinations** update the reference in IFRS 3 to the Conceptual Framework for Financial Statements without changing the accounting requirements for a business combination.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

- **Amendments to IAS 16** Property, Plant and Equipment prohibit deducting from the value of property, plant and equipment the amounts received from the sale of manufactured goods while preparing the asset for its intended use. Instead, these sales revenue and related costs are recognized in profit or loss.
- **Amendments to IAS 37** "Provisions, Contingent Liabilities and Contingent Assets" determine the costs to be included in assessing whether the contract is onerous.
- Annual improvements introduce minor amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and illustrative examples accompanying IFRS 16 "Leases".

All amendments are effective on 1 January 2023, early application is permitted.

Amendments to IAS 12 "Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction". The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities;
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset;
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

6. Cash and cash equivalents

	31 December 2022	31 December 2021
Cash on hand	2 377 164	1 131 844
Cash balances with the CBU	1 214 797	1 611 174
Correspondent accounts and overnight placements with other banks	825 230	618 752
Placements with other banks with original maturities of less than three months	-	50 000
Less: ECL provision	(438)	(97)
Total cash and cash equivalents	4 416 753	3 411 673

As at 31 December 2022 and 2021, the Group had no counterparties, other than CBU, whose balances of cash and cash equivalents exceeded 5% of the Group's equity.

The credit quality of cash and cash equivalents, excluding cash on hand and ECL provision balances is summarized as follows as at 31 December 2022:

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Placements with other banks with original maturities of less than three months	Total
<i>Neither past due nor impaired</i>				
- AA- (Fitch)	-	22 943	-	22 943
- A1 (Moody's)	-	7 500	-	7 500
- A2 (Moody's)	-	200 086	-	200 086
- A- (Fitch)	-	8 431	-	8 431
- Baa3 (Moody's)	-	1	-	1
- BB- (Fitch)	1 214 797	563 493	-	1 778 290
- B3 (Moody's)	-	3 140	-	3 140
- B (Fitch)	-	18 456	-	18 456
- Caa (Moody's)	-	1 179	-	1 179
- CC (Fitch)	-	1	-	1
Total cash and cash equivalents, excluding cash on hand, gross	1 214 797	825 230	-	2 040 027

The credit quality of cash and cash equivalents, excluding cash on hand and ECL provision balances is summarized as follows as at 31 December 2021:

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Placements with other banks with original maturities of less than three months	Total
<i>Neither past due nor impaired</i>				
- Aa1 (Moody's)	-	2 893	-	2 893
- Aa3 (Moody's)	-	361	-	361
- A1 (Moody's)	-	103 251	-	103 251
- Ba1 (Moody's)	-	1 191	-	1 191
- Baa3 (Moody's)	-	9	-	9
- BB- (S&P)	-	26 922	-	26 922
- BB- (Fitch)	1 611 174	-	-	1 611 174
- B1 (Moody's)	-	468 186	50 000	518 186
- B2 (Moody's)	-	12 680	-	12 680
- B (Fitch)	-	153	-	153
- B- (S&P)	-	3 106	-	3 106
Total cash and cash equivalents, excluding cash on hand, gross	1 611 174	618 752	50 000	2 279 926

Due to absence of credit rating of CBU, the Group used sovereign rating.

7. Due from other banks

	31 December 2022	31 December 2021
Placements with other banks with original maturities of more than three months	90 146	90 947
Mandatory reserve with CBU	75 296	87 000
Long term loans to other banks	-	27 384
Restricted cash	22 546	4 149
Less: ECL provision	(400)	(608)
Total due from other banks	187 588	208 872

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 with foreign banks placed by the Group on behalf of its clients. The Group does not have the right to use these funds to finance its activities.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

The credit quality of amounts due from other banks as at 31 December 2022:

	Placements with other banks with original maturities of more than three months	Long term loans to other banks	Mandatory reserve with CBU	Restricted cash	Total
<i>Neither past due nor impaired</i>					
- AA- (Fitch)	-	-	-	15 483	15 483
- A (Fitch)	-	-	-	561	561
- BB- (Fitch)	20 523	-	75 296	6 452	102 271
- BB (S&P)	4 247	-	-	-	4 247
- B1 (Moody's)	50 738	-	-	-	50 738
- B2 (Moody's)	2 555	-	-	-	2 555
- B3 (Moody's)	4 700	-	-	50	4 750
- B (Fitch)	7 383	-	-	-	7 383
Total due from other banks, gross	90 146	-	75 296	22 546	187 988

The credit quality of amounts due from other banks as at 31 December 2021:

	Placements with other banks with original maturities of more than three months	Long term loans to other banks	Mandatory reserve with CBU	Restricted cash	Total
<i>Neither past due nor impaired</i>					
- Aa1 (Moody's rated)	-	-	-	3 452	3 452
- A1 (Moody's rated)	-	-	-	542	542
- BB- (Fitch rated)	50 661	1 096	87 000	-	138 757
- BB- (S&P rated)	3 005	-	-	5	3 010
- B1 (Moody's rated)	19 916	8 485	-	100	28 501
- B2 (Moody's rated)	10 512	-	-	-	10 512
- B (Fitch rated)	3 200	-	-	-	3 200
- B (S&P rated)	3 653	17 803	-	-	21 456
- B3 (Moody's rated)	-	-	-	50	50
Total due from other banks, gross	90 947	27 384	87 000	4 149	209 480

Amounts due from other banks are not collateralised. Refer to Note 29 for the estimated fair value of due from other banks. Interest rate analysis of due from other banks is disclosed in Note 26. Information on related party balances is disclosed in Note 30.

8. Loans and advances to customers

	31 December 2022	31 December 2021
Corporate loans	34 389 737	25 358 096
Individuals	8 535 652	5 677 326
State and municipal organisations	3 195 097	2 066 010
Total loans and advances to customers, gross	46 120 486	33 101 432
Less: ECL provision	(1 286 044)	(1 032 779)
Total loans and advances to customers	44 834 442	32 068 653

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

Economic sector risk concentrations within the customer loan portfolio are as follows:

	31 December 2022		31 December 2021	
	amount	%	amount	%
Agriculture	12 519 398	27.1%	10 074 155	30.4%
Manufacturing	16 763 017	36.3%	10 970 758	33.1%
Individuals	8 535 651	18.5%	5 677 326	17.2%
- Every family - entrepreneur	6 194 420		4 033 070	
- Micro loans	1 687 368		1 275 195	
- Mortgage	653 863		369 061	
Trade	4 422 306	9.6%	3 609 835	10.9%
Construction	1 633 939	3.5%	1 149 561	3.5%
Other	2 246 175	4.9%	1 619 797	4.9%
Total loans and advances to customers, gross	46 120 486	100.0%	33 101 432	100.0%

At 31 December 2022, the Group had a concentration of loans represented by UZS 8,347,906 million due from ten largest borrowers or 18.1% of gross loans (2021: UZS 5,122,427 million or 15.5%).

Information about collateral as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Unsecured loans	760 410	460 449
<i>Loans collateralised by:</i>		
- insurance policy	26 725 292	16 457 647
- guarantees	8 845 386	7 492 394
- real estate	5 920 046	4 784 207
- equipment	2 078 091	1 607 383
- vehicle	1 608 502	2 038 914
- inventory	42 066	6 998
- cash deposit	20 335	66 818
- government guarantee	1 953	39 725
- other	118 405	146 897
Total loans and advances to customers, gross	46 120 486	33 101 432

At 31 December 2022, the Bank had UZS 26,725,292 loans collateralised by insurance policy or 58.0% of gross collateral (2021: UZS 16,457,647 million or 49.7%). The most part of Agriculture and "Every family - entrepreneur" loans are collateralised by insurance policy. In some cases, the Bank requires insurance policy as an additional collateral for loans to minimise the risks.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

The table below shows analysis of the movement in loans and advances to customers:

	2022			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount as at 1 January	27 814 257	2 718 125	2 569 050	33 101 432
Transfer from Stage 1	(10 530 434)	10 530 434	-	-
Transfer from Stage 2	825 841	(3 374 953)	2 549 112	-
Transfer from Stage 3	-	809 033	(809 033)	-
Changes in EAD*	(4 294 994)	5 361 411	191 455	1 257 872
New financial assets originated or purchased	20 307 890	-	-	20 307 890
Financial assets that have been repaid in full	(6 989 903)	(567 785)	(342 496)	(7 900 184)
Recovery of early written-off assets	-	-	121 028	121 028
Write-off	-	-	(988 269)	(988 269)
Foreign exchange differences	85 879	118 562	16 276	220 717
Gross carrying amount as at 31 December	27 218 536	15 594 827	3 307 123	46 120 486
Loss allowance as at 31 December	(207 472)	(552 220)	(526 352)	(1 286 044)
Carrying amount net of allowance as at 31 December	27 011 064	15 042 607	2 780 771	44 834 442

	2021			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount as at 1 January	22 224 190	1 094 265	1 975 276	25 293 731
Transfer from Stage 1	(4 039 884)	4 039 884	-	-
Transfer from Stage 2	1 468 532	(3 753 552)	2 285 020	-
Transfer from Stage 3	-	1 348 030	(1 348 030)	-
Changes in EAD*	(1 996 177)	249 971	118 423	(1 627 783)
New financial assets originated or purchased	18 250 741	-	-	18 250 741
Financial assets that have been repaid in full	(8 147 163)	(265 752)	(314 189)	(8 727 104)
Write-off	-	-	(152 439)	(152 439)
Foreign exchange differences	54 018	5 279	4 989	64 286
Gross carrying amount as at 31 December	27 814 257	2 718 125	2 569 050	33 101 432
Loss allowance as at 31 December	(170 531)	(207 816)	(654 432)	(1 032 779)
Carrying amount net of allowance as at 31 December	27 643 726	2 510 309	1 914 618	32 068 653

* The line "Changes in EAD" represents changes in the gross carrying amount of loans, except for loans that were fully repaid during the reporting period. Transfer from stages presented in the table above represent transfers of loans issued during the previous period. Transfers of loans between stages that were issued during the current period are presented in the Changes in EAD line.

The table below shows an analysis of the movement in ECL provision:

	2022			Total
	Stage 1	Stage 2	Stage 3	
Balance as at 1 January	170 531	207 816	654 432	1 032 779
Transfer from Stage 1	(64 520)	64 520	-	-
Transfer from Stage 2	196 607	(261 356)	64 749	-
Transfer from Stage 3	-	227 907	(227 907)	-
Changes in ECL*	(358 353)	360 360	976 097	978 104
New financial assets originated or purchased	309 210	-	-	309 210
Financial assets that have been repaid in full	(46 003)	(47 027)	(73 778)	(166 808)
Recovery of early written-off assets	-	-	121 028	121 028
Write-off	-	-	(988 269)	(988 269)
Balance as at 31 December	207 472	552 220	526 352	1 286 044

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

	2021			Total
	Stage 1	Stage 2	Stage 3	
Balance as at 1 January	85 367	69 980	269 754	425 101
Transfer from Stage 1	(176 310)	176 310	-	-
Transfer from Stage 2	111 421	(230 642)	119 221	-
Transfer from Stage 3	-	131 672	(131 672)	-
Changes in ECL*	(172 564)	71 633	622 828	521 897
New financial assets originated or purchased	359 457	-	-	359 457
Financial assets that have been repaid in full	(36 840)	(11 137)	(73 260)	(121 237)
Write-off	-	-	(152 439)	(152 439)
Balance as at 31 December	170 531	207 816	654 432	1 032 779

*"Changes in ECL" are attributable to changes in parameters (PD, LGD), foreign exchange differences and 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 issued in previous periods from their initial stage to the stage they were in as at the reporting date.

The following table contains information about the quality of the loan portfolio as at 31 December 2022:

	Corporate loans	Loans to individuals	State and municipal organisations	Total
<i>Loans assessed for impairment on a collective basis (gross)</i>				
Not past due	30 921 271	6 529 102	3 149 539	40 599 912
Past due loans				
- less than 30 days overdue	792 089	336 833	19 338	1 148 260
- 31 to 90 days overdue	625 577	270 508	3 524	899 609
- over 90 days overdue	1 026 849	1 396 799	21 326	2 444 974
Total loans assessed for impairment on a collective basis, gross	33 365 786	8 533 242	3 193 727	45 092 755
<i>Collectively assessed restructured loans</i>				
Not past due but impaired	647 552	-	-	647 552
Past due loans				
- less than 30 days overdue	127 313	314	-	127 627
- 31 to 90 days overdue	249 086	2 096	1 370	252 552
- over 90 days overdue	-	-	-	-
Total loans assessed for impairment on a collective basis, gross	1 023 951	2 410	1 370	1 027 731
- Impairment provisions for individually impaired loans	-	-	-	-
- Impairment provisions assessed on a collective basis	(833 157)	(422 100)	(30 787)	(1 286 044)
Less: Allowance for expected credit losses	(833 157)	(422 100)	(30 787)	(1 286 044)
Total loans and advances to customers	33 556 580	8 113 552	3 164 310	44 834 442

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

The following table contains information about the quality of the loan portfolio as at 31 December 2021:

	Corporate loans	Loans to individuals	State and municipal organisations	Total
<i>Loans assessed for impairment on a collective basis (gross)</i>				
Not past due	23 057 403	3 986 949	1 953 015	28 997 367
Past due loans				
- less than 30 days overdue	505 958	170 060	11 652	687 670
- 31 to 90 days overdue	731 745	363 577	22 046	1 117 368
- over 90 days overdue	841 844	1 148 443	39 698	2 029 985
Total loans assessed for impairment on a collective basis, gross	25 136 950	5 669 029	2 026 411	32 832 390
<i>Collectively assessed restructured loans</i>				
Not past due but impaired	61 974	333	-	62 307
Past due loans				
- less than 30 days overdue	-	29	-	29
- 31 to 90 days overdue	42	443	-	485
- over 90 days overdue	159 130	7 492	39 599	206 221
Total loans assessed for impairment on a collective basis, gross	221 146	8 297	39 599	269 042
- Impairment provisions for individually impaired loans	-	-	-	-
- Impairment provisions assessed on a collective basis	(558 095)	(435 749)	(38 935)	(1 032 779)
Less: Allowance for expected credit losses	(558 095)	(435 749)	(38 935)	(1 032 779)
Total loans and advances to customers	24 800 001	5 241 577	2 027 075	32 068 653

The restructured loans in the table above exclude the loans terms of which have been prolonged in accordance with the instructions of the Government as the Management considers their credit risk to be lower than the loans restructured by the Bank in a normal course of business.

The following table contains information on prolonged loans that were included in loans assessed for impairment on a collective basis:

31 December 2022	Stage 2	Stage 3	Total
Gross carrying amount			
<i>Loans prolonged by the order of the Government, gross</i>	12 187 735	16 626	12 204 361
<i>Expected credit losses</i>	(455 138)	(1 502)	(456 640)
Total prolonged loans	11 732 597	15 124	11 747 721

Refer to Note 29 for the estimated fair value of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in Note 26. Information on related party balances is disclosed in Note 30.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

9. Investment securities

Investments in equity and debt securities are presented below:

Name	31 December 2022	31 December 2021
Equity securities measured at fair value through other comprehensive income	30 413	22 993
Debt securities measured at amortized cost	876 065	1 955 871
Total investment securities	906 478	1 978 864

	Coupon rate	Maturity	31 December 2022	31 December 2021
Bonds of the Central Bank of the Republic of Uzbekistan	Discount	7 Jan 2022 - 7 Apr 2022	-	1 823 817
Government bonds of the Republic of Uzbekistan	15.0% - 16.0%	17 Jan 2022 - 8 July 2022	-	82 595
Government bonds of the Republic of Uzbekistan	Discount	11 Feb 2022	-	49 459
Bonds of the Central Bank of the Republic of Uzbekistan	Discount	3 Jan 2023 - 7 Feb 2023	870 973	-
Government bonds of the Republic of Uzbekistan	Discount	4 Apr 2023	5 092	-
Debt securities measured at amortized cost			876 065	1 955 871

Equity securities at FVTOCI as at 31 December 2022 and 2021 include equity securities, registered in Uzbekistan and not actively traded (level 3). Due to the nature of the local financial markets, it is not possible to obtain current market value for these investments. Some of the investees have not published recent financial information about their operations, recent trade prices of shares are not publicly accessible.

The fair value of the financial assets 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 using the average rate of return on investments. The Management believes that this approach accurately reflects the fair value of these securities.

Investments to which the dividends valuation approach is not applicable, as an example, 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.

A significant unobservable input used in determining the fair value of financial assets at FVTOCI is discount rate. The higher the discount rate the lower the fair value of the financial assets at FVTOCI.

As at 31 December 2022 and 2021, investment securities of the Group were not pledged.

Changes in investment securities fair value and measurement approaches are stipulated in Note 29.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

10. Property, equipment and intangible assets

	Buildings and premises	Office and computer equipment	Construction in progress	Intangible assets	Total property, equipment and intangible assets	Right-of-use assets
Cost						
31 December 2020	442 120	668 070	253 825	1 483	1 365 498	16 021
Additions	452	118 503	171 469	-	290 424	-
Disposals	(2 667)	(37 582)	-	(1 480)	(41 729)	-
Transfer	78 291	23 154	(101 445)	-	-	-
31 December 2021	518 196	772 145	323 849	3	1 614 193	16 021
Accumulated depreciation						
31 December 2020	(57 658)	(194 094)	-	(1 465)	(253 217)	(8 177)
Depreciation / amortisation	(15 396)	(106 816)	-	(9)	(122 221)	-
Disposals	1 340	19 735	-	1 471	22 546	-
31 December 2021	(71 714)	(281 175)	-	(3)	(352 892)	(8 177)
Cost						
31 December 2021	518 196	772 145	323 849	3	1 614 193	16 021
Additions	36 885	170 016	640 085	31 716	878 702	848
Disposals	(7 004)	(6 932)	-	-	(13 936)	-
Transfer	45 929	1 107	(47 036)	-	-	-
31 December 2022	594 006	936 336	916 898	31 719	2 478 959	16 869
Accumulated depreciation						
31 December 2021	(71 714)	(281 175)	-	(3)	(352 892)	(8 177)
Depreciation / amortisation charge (Note 22)	(32 247)	(125 829)	-	(1 058)	(159 134)	(2 936)
Disposals	2 357	5 467	-	-	7 824	-
31 December 2022	(101 604)	(401 537)	-	(1 061)	(504 202)	(11 113)
Net book value						
31 December 2021	446 482	490 970	323 849	-	1 261 301	7 844
31 December 2022	492 402	534 799	916 898	30 658	1 974 757	5 756

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

In accordance with the Presidential Decree #3620 dated 23 March 2018 about modernization of banks and bank services, during 2022 the Bank has capitalized a building in Tashkent City in the amount of UZS 540 billion (2021: UZS 79 billion). Furthermore, during 2022, UZS 16 billion (2021: UZS 33 billion) and UZS 7 billion (2021: UZS 23 billion) were spent on the acquisition of new computers and banknote counter, respectively, for branches and head office.

In accordance with the Presidential Decree #4422 dated 22 August 2019 "On accelerated measures for the improvement of energy efficiency in economic sectors and social sphere, introduction of energy saving technologies and development of renewable energy sources", during the year the Bank has purchased and installed solar energy systems in amount of UZS 50 billion across the branches.

As at 31 December 2022 and 2021, property and equipment included fully depreciated assets totaling UZS 30 billion and UZS 27 billion, respectively.

The Group leases several assets including buildings. The average lease term is 3 years.

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

11. Other assets

	31 December 2022	31 December 2021
Other financial assets		
Receivable from money transfer organizations	14 868	12 174
Commission receivable	9 258	5 540
Accounts receivable from Paynet service organization	8 000	1 321
Trade receivables	3 120	5 528
Other financial assets	36	329
ECL provision	(1 556)	(1 992)
Total other financial assets	33 726	22 900
Other non-financial assets		
Prepayments for inventory and services	93 871	11 274
Prepayments for construction of building	46 890	135 704
Greenhouses under development	29 474	85 401
Inventory	27 516	21 289
Recoverable assets from court decision	13 877	1 519
Prepayment to fund	1 598	1 386
Consumable biological assets	807	42 975
Other non-financial assets	7 321	2 606
Less allowance for impairment	(6 895)	(2 697)
Total other non-financial assets	214 459	299 456
Total other assets	248 185	322 356

As at 31 December 2022, most parts of Prepayment for inventory and services consist of Online Queue Machine - UZS 18,148 million and software-supply - UZS 14,123 million.

As at 31 December 2022, the prepayment for construction of building in relation to the construction of the new head office in Tashkent city amounted to UZS 19,222 million (2021: UZS 112,549 million).

As at 31 December 2022, the Group sold greenhouses under the long-term lease with amount of UZS 55,927 million.

During 2022, the Group sold consumable biological assets as long-term leasing (fruit saplings) in the amount of UZS 42,168 million (2021: nil).

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

12. Due to other banks

	31 December 2022	31 December 2021
Long-term placements of other banks	2 188 155	936 321
Short-term placements of other banks	474 549	53 315
Correspondent accounts and overnight placements of other banks	1 635	4 497
Payable to the CBU under repo agreement	3	-
Total due to other banks	2 664 342	994 133

As of 31 December 2022, the long-term placements of other banks include funds received for the financing of investment projects in the total amount of UZS 1,520,178 million (2021: UZS 290,597 million) and are classified as financing activities in the consolidated statement of cash flows.

Refer to Note 29 for the disclosure of the fair value of amounts due to other banks. Interest rate analyses of due to other banks are disclosed in Note 26.

13. Customer accounts

	31 December 2022	31 December 2021
State and public organizations		
- Current/settlement accounts	23 483	175 832
- Term deposits	5 744 885	5 971 821
Other legal entities		
- Current/settlement accounts	2 641 330	1 797 583
- Term deposits	854 172	518 628
Individuals		
- Current/settlement accounts	1 132 855	943 899
- Term deposits	3 245 928	2 850 016
Total customer accounts	13 642 653	12 257 779

Economic sector concentration within customer accounts are as follows:

	31 December 2022	31 December 2021
State and public organizations	5 768 368	6 147 653
Individuals	4 378 783	3 793 915
Service	1 488 711	665 950
Agriculture	930 161	669 687
Manufacturing	618 907	617 342
Trade and catering	214 538	279 427
Construction	159 695	34 896
Communication and transport	53 316	46 823
Other	30 174	2 086
Total customer accounts	13 642 653	12 257 779

As at 31 December 2022 and 2021, customer accounts amounting to UZS 8,427 million and UZS 338,867 million respectively, were pledged as collateral for letters of credit and other similar products issued by the Group.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

At 31 December 2022 and 2021, customer accounts amounting to UZS 6,335,231 million (46%) and UZS 5,679,081 million (46%), respectively, were due to 10 customers.

As at 31 December 2022 and 2021, the largest term deposits placed by state and public organisations include deposits from the Ministry of Economy and Finance of the Republic of Uzbekistan, the Fund guarantee of deposits of citizens in banks of the Republic of Uzbekistan, the Ministry of Defence and the Ministry of Agriculture of the Republic of Uzbekistan.

Refer to Note 29 for the disclosure of the fair value of customer accounts. Interest rate analyses of customer accounts are disclosed in Note 26. Information on related party transactions is disclosed in Note 30.

14. Debt securities issued

	31 December 2022	31 December 2021
Deposit certificates	270 001	112 093
Non-documentary bonds	-	16
Total debt securities in issue	270 001	112 109

Refer to Note 29 for the disclosure of the fair value of debt securities issued. Interest rate analyses of debt securities issued are disclosed in Note 26. Information on related party transactions is disclosed in Note 30.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

15. Other borrowed funds

	31 December 2022	31 December 2021
International Financial Institutions		
"Cargil Financial Services International" (USA)	3 055 290	2 255 695
"Helaba bank" (Germany)	1 465 154	151 697
"Gazprombank" (Moscow)	1 125 130	-
"Landesbank Baden-Wurttemberg" (Germany)	888 214	772 117
"Credit Suisse AG" (London Branch)	852 344	1 092 765
"Transkapitalbank" (Russia)	514 700	496 689
"Credit Suisse AG" (Switzerland)	499 076	633 031
"Commerzbank AG" (Germany)	488 793	302 406
"China Development" Bank (Xinjiang branch)	400 489	440 879
Berliner Sparkasse Branch of Laddesbank Berlin AG (Germany)	294 622	147 026
"International Financial Club" (Russia)	211 510	310 342
"Ihracat Kredi" Bank (Turkey)	193 502	-
"Ziraat" Bank (Turkey)	161 071	252 965
EMF Microfinance Fund (Liechtenstein)	142 706	54 275
"Promsvyaz" Bank (Russia)	140 124	129 786
"Asia Invest" Bank	113 642	-
"Tavrishesky" Bank	101 540	-
"AKA Ausfuhrkredit-Gesellschaft mbH" (Germany)	82 300	15 780
ODDO BHF Aktiengesellschaft (Germany)	61 822	14 442
"KDB" Bank Uzbekistan	56 598	-
"Maguar Export Import" Bank (Hungary)	55 411	74 892
Islamic corporation for the Development of the private sector	48 773	105 832
"Vita" Bank (Russia)	38 039	-
"Development Bank of the Republic of Belarus" (Belarus)	34 267	37 940
"Sovcombank" (Russia)	-	404 528
"Credit Bank of Moscow" (Russia)	-	152 530
"Aktif Bank" (Turkey)	-	55 743
others	7 871	11 452
Total other borrowed funds from IFIs	11 032 988	7 912 812
Uzbekistan Financial Institutions		
Ministry of Finance of the Republic of Uzbekistan	13 877 274	8 083 452
The Fund for Reconstruction and Development of the Republic of Uzbekistan	623 312	20 161
Central Bank of the Republic of Uzbekistan	524 436	213 875
Farmers Support Fund	327 185	199 005
National Bank of Republic of Uzbekistan	99 417	157 770
The Uzbekistan Mortgage Refinancing Company	92 548	75 227
Ministry of Investments and Foreign Trade of the Republic of Uzbekistan	78 667	46 879
"Youth - Our Future" Fund	78 479	113 265
Khokimiyat	35 974	23 679
Other	10 555	41 223
Total other borrowed funds from Uzbekistan Financial Institutions	15 747 847	8 974 536
Total other borrowed funds	26 780 835	16 887 348

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

		31 December 2022	31 December 2021
	Currency	Maturity, year	Maturity, year
International Financial Institutions			
"Cargil Financial Services International" (USA)	USD	2023-2027	2022-2026
"Helaba bank" (Germany)	EUR	2023-2033	2022-2023
"Gazprombank" (Moscow)	USD	2023	-
"Landesbank Baden-Wurttemberg" (Germany)	EUR	2025-2032	2022-2030
"Credit Suisse AG" (London Branch)	EUR/USD	2023	2022
"Transkapitalbank" (Russia)	EUR/USD	2023	2023
"Credit Suisse AG" (Switzerland)	EUR	2029	2029
"Commerzbank AG" (Germany)	EUR	2023-2031	2023-2031
"China Development" Bank (Xinjiang branch)	USD	2028	2028
Berliner Sparkasse Branch of Laddesbank Berlin AG (Germany)	EUR	2023-2029	2024-2029
"JSCB International Financial Club" (Russia)	EUR/USD	2023	2023
"Ihracat Kredi" Bank (Turkey)	USD	2029	-
"Ziraat" Bank (Turkey)	USD	2023-2025	2023-2025
EMF Microfinance Fund (Liechtenstein)	USD	2023-2027	2023
"Promsvyaz" Bank (Russia)	USD	2023	2023
"Asia Invest" Bank	USD	2023	-
"Tavrishesky" Bank	USD	2023	-
"AKA Ausfuhrkredit-Gesellschaft mbH" (Germany)	EUR	2025	2025
ODDO BHF Aktiengesellschaft (Germany)	EUR	2023	2023
"KDB" Bank Uzbekistan	USD	2026	-
"Maguar Export Import" Bank (Hungary)	USD	2025	2025
Islamic corporation for the Development of the private sector	UZS	2023	2023
"Vita" Bank (Russia)	USD	2023	-
"Development Bank of the Republic of Belarus" (Belarus)	EUR	2028	2028
"Sovcombank" (Russia)	EUR/USD	-	2022-2023
"Credit Bank of Moscow" (Russia)	USD	-	2022
"Aktif Bank" (Turkey)	USD	-	2022
Others	EUR/UZS	2023-2025	2022-2029
Uzbekistan Financial Institutions			
Ministry of Finance of the Republic of Uzbekistan	USD/UZS	2022-2035	2022-2035
The Fund for Reconstruction and Development of the Republic of Uzbekistan	USD/UZS	2026-2028	2028
Central Bank of the Republic of Uzbekistan	UZS	2023-2025	2022-2023
Farmers Support Fund	UZS	2024-2028	2022-2024
National Bank of Republic of Uzbekistan	USD	2024	2024
The Uzbekistan Mortgage Refinancing Company	UZS	2038	2038
Ministry of Investments and Foreign Trade of the Republic of Uzbekistan	USD/UZS	2029	2022
"Youth - Our Future" Fund	UZS	2025	2025
Khokimiyat	UZS	2023-2035	2022-2025
Others	UZS	2023	2022-2031

As at 31 December 2022, the Group had no exposure to Ukraine and had limited exposure to the Russian Federation and Belarus. Specifically, the Group had an exposure with the following sanctioned counterparties - "Transkapitalbank" (Russia), "Promsvyaz" Bank (Russia) and "Development Bank of the Republic of Belarus" (Belarus) in the amount of UZS 689,091 million.

During the period subsequent to the reporting date, UZS 654,824 million have been reassigned to non-sanctioned third-party institutions within Russian Federation.

Management of the Group believes that there are no other financial instruments similar to the other borrowed funds received from these institutions and due to specific terms and conditions of lending, these products represent a separate market. As a result, borrowings from government, state and international financial institutions were received in an orderly transaction and as such have been recorded at consideration received, which approximates the fair value at the recognition date.

The funds received from the Uzbekistan Mortgage Refinancing Company are used for financing mortgage loans to individuals. These loans have been pledged as a collateral against the borrowing from this Company.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

As part of its normal financing arrangements, the Bank enters into various loan agreements, many of which contain covenant clauses covering performance indicators of the Bank including the level of Non-performing loans defined as balances overdue for more than 90 days. In monitoring compliance with financial covenants, the management of the Bank determines the overdue status of the outstanding balances following the method that considers the repayments received from the customers recover the balances that become overdue first.

As at 31 December 2022, the Group is technically in breach of the covenant stipulated in the loan agreement with EMF Microfinance Fund ("EMF"). The Group has communicated the technical breach to EMF subsequent to the reporting date and provided the reason for such breach to be the circumstances not within the control of the Group's management – the instructions received from the Government to prolong the original terms of the loans as disclosed in note 8. As a result, after the reporting date and before the authorisation of these consolidated financial statements for issue, EMF provided a letter waiving a breach until 1 July 2023. Please refer to note 26 that reflects the impact of the breach on the liquidity of the Bank.

Refer to Note 29 for the disclosure of the fair value of other borrowed funds. Interest rate analyses of other borrowed funds are disclosed in Note 26. Information on related party transactions is disclosed in Note 30.

16. Other liabilities

	31 December 2022	31 December 2021
Other financial liabilities		
Payable for suppliers	54 090	43 261
Provision for credit related commitments	25 147	18 527
Dividends payable	384	340
Other financial liabilities	11 383	12 968
Total other financial liabilities	91 004	75 096
Other non-financial liabilities		
Taxes other than income tax payable	79 078	127 232
Payable to employees	5 830	10 975
Advances received	3 697	3 697
Total other non-financial liabilities	88 605	141 904
Total other liabilities	179 609	217 000

17. Subordinated debt

	Interest Rate	31 December 2022	31 December 2021
Ministry of Finance of the Republic of Uzbekistan	5.9%	229 749	221 812
Total subordinated debt		229 749	221 812

As per the requirements of the CBU, subordinated debts must meet the following criteria:

- In the event of bankruptcy or liquidation of the Bank, repayment of these debts is subordinate to the repayment of the Bank's liabilities to all other creditors;
- These debts should not be secured by a pledge;
- These debts should not be pledged by the Bank or any of its affiliates as collateral for other assets;
- The initial contractual maturity must be more than 5 years;
- Early repayment of subordinated debt is allowed with the permission of the Central Bank of the Republic of Uzbekistan.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

18. Share capital

	Number of outstanding shares (thousands)	Ordinary shares (UZS)	Inflation adjustments (UZS)	Share capital (UZS)	Share premium (UZS)	Treasury shares (UZS)	Total
As at 31 December 2020	4 201 368	4 907 198	25 631	4 932 829	1 412	(115)	4 934 126
Issue of new shares	599 315	700 000	-	700 000	-	-	700 000
As at 31 December 2021	4 800 683	5 607 198	25 631	5 632 829	1 412	(115)	5 634 126
Issue of new shares	2 522 411	2 946 176	-	2 946 176	-	-	2 946 176
As at 31 December 2022	7 323 094	8 553 374	25 631	8 579 005	1 412	(115)	8 580 302

As at 31 December 2022, the total authorized number of ordinary shares is 7,323,094 thousand (31 December 2021: 4,800,683 thousand shares) with a par value of UZS 1,168 per share (31 December 2021: UZS 1,168 per share). All issued ordinary shares were fully paid.

As at 31 December 2022, the total authorized number of preference shares is 500 thousand (31 December 2021: 500 thousand) with a par value of UZS 1,168. Minimum preference share dividends are set at 25% p.a. (2021: 25 % p.a.) and preference shares are thus classified as other borrowed funds. Equity component of preference shares was equal to nil as at 31 December 2022 (31 December 2021: nil).

During 2021, in accordance with the Decree of the President of the Republic of Uzbekistan dated 27 March 2021, the Group issued new shares in the amount of UZS 700,000 million.

In accordance with the Decree of the President of the Republic of Uzbekistan dated 20 December 2021, in December 2021, the JSCB Agrobank, the Ministry of Finance of the Republic of Uzbekistan and the Fund for Reconstruction and Development of the Republic of Uzbekistan ("UFRD") concluded an agreement on converting of borrowings from the UFRD received during 2020-2021 in the total amount of UZS 2,946,176 million into shares, assigning the equity ownership to the Ministry of Finance of the Republic of Uzbekistan. On this basis, as of 31 December 2021, the Group has transferred borrowings from UFRD in the amount of UZS 2,946,176 million into the share capital as Additional paid-in capital. The Group registered new shares in February 2022 in the amount of UZS 2,946,176 million and recognised it as share capital.

Share premium represents the excess of contributions received over the nominal value of share issued.

Inflation adjustment relates to hyperinflation that had ceased effective in economic environment of Uzbekistan from 1 January 2017.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

19. Net debt reconciliation

	Non-cash changes								
	1 January 2022	Financing cash inflow	Financing cash outflow	Interest paid	Effect of exchange rate changes	Interest accrued	Conversion into shares of guarantees	Recognition of guarantees	31 December 2022
Long-term placements of other banks	290 597	1 244 950	(15 369)	(87 820)	-	87 820	-	-	1 520 178
Other borrowed funds	16 887 348	27 029 727	(17 372 688)	(1 283 603)	209 956	1 367 154	-	(57 059)	26 780 835
Subordinated debt	221 812	-	-	(12 949)	7 719	13 165	-	-	229 747

	Non-cash changes								
	1 January 2021	Financing cash inflow	Financing cash outflow	Interest paid	Effect of exchange rate changes	Interest accrued	Conversion into shares of guarantees	Recognition of guarantees	31 December 2021
Long-term placements of other banks	185 304	106 400	(1 107)	(26 450)	-	26 450	-	-	290 597
Other borrowed funds	13 499 444	22 841 995	(16 607 832)	(1 145 186)	18 910	1 119 523	(2 946 176)	106 670	16 887 348
Subordinated debt	214 428	-	-	-	7 216	168	-	-	221 812

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

20. Interest income and expense

	2022	2021
Interest income		
Loans and advances to customers	4 956 533	3 996 045
Investment securities	271 882	155 250
Due from other banks	84 470	55 776
Cash and cash equivalents	-	895
Total interest income	5 312 885	4 207 966
Total interest expense		
Customer accounts	(1 484 424)	(1 217 640)
Other borrowed funds	(1 367 154)	(1 119 523)
Due to other banks	(154 342)	(131 287)
Debt securities issued	(27 183)	(35 608)
Subordinated debt	(13 166)	(12 642)
Other	(9 221)	(6 023)
Total interest expense	(3 055 490)	(2 522 723)
Net interest income	2 257 395	1 685 243

21. Fee and commission income and expense

	2022	2021
Fee and commission income		
Settlement transactions	668 972	438 867
International money transfers	172 675	61 222
Currency conversion transactions	919	830
Other	10 908	8 792
Total fee and commission income	853 474	509 711
Fee and commission expense		
Settlement transactions	(450 214)	(171 328)
Cash collection	(17 740)	(11 196)
Other	(10 313)	(7 383)
Total fee and commission expense	(478 267)	(189 907)

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

22. Administrative and other operating expenses

	Note	2022	2021
Staff costs		1 085 977	811 683
Depreciation and amortization	10	162 070	122 221
Security expenses		136 636	103 199
Taxes other than income taxes		128 074	100 293
Advertising and marketing services		78 430	7 561
Stationery and office supplies		72 246	47 592
Guarantee deposit expense		42 412	11 929
Insurance		39 340	20 099
Charity		39 102	30 350
Cost of maintenance of premises		19 516	27 447
Consulting and audit expenses		12 933	18 468
Membership fees		12 539	10 205
Postage, Telephone and fax expenses		11 800	6 830
Utilities		10 818	9 744
Business trip expenses		10 697	4 514
Fuel expenses		7 531	4 560
Rent expenses		6 992	12 590
Loss on sale or disposal of assets		870	1 391
Other		34 815	8 747
Total administrative and other operating expenses		1 912 798	1 359 423

23. Income taxes

Components of income tax expense

Income tax expense comprises the following:

	2022	2021
Current tax charge	153 656	57 935
Deferred tax benefit	(46 849)	(68 763)
Income tax (expense)/benefit for the year	106 807	(10 828)

Reconciliation between tax expense and profit or loss multiplied by applicable tax rate

The Bank is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2022 and 2021 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets.

The Bank pays income tax on a consolidated basis as a single tax payer at a rate of 20%.

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

	2022	2021
Profit before tax	300 265	59 782
Theoretical tax charge at the applicable statutory rate - 20% (2021: 20%)	60 053	11 956
- Non deductible expenses	88 490	14 342
- Tax exempt income	(55 154)	(33 609)
- Other	13 418	(3 517)
Income tax (expense)/benefit for the year	106 807	(10 828)

Due to the amendment of the Tax Code in 2022, 20 percent of the reserve costs of banks created for loans will be re-added to the profit tax base as a non-deductible cost when calculating the profit tax.

Tax exempt income is predominately related to income on government bonds.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Uzbekistan give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements on these temporary differences is detailed below, and is recorded at the rate of 20% (2021: 20%).

	31 December 2022	(Debited)/ credited to profit or loss	31 December 2021	(Debited)/ credited to profit or loss	31 December 2021
Tax effect of deductible/(taxable) temporary differences					
Cash and cash equivalents	88	69	19	9	10
Due from other banks	80	(42)	122	(150)	272
Loans and advances to customers	112 216	28 879	83 337	52 830	30 507
Property, equipment and intangible assets	2 078	794	1 284	785	499
Investments in associates and subsidiaries	6 504	-	6 504	-	6 504
Investment securities measured at amortised cost	388	(40)	428	1 332	(904)
Right-of-use assets	(1 151)	418	(1 569)	-	(1 569)
Other assets	21 105	17 843	3 262	(604)	3 866
Due to other banks	231	231	-	-	-
Customer accounts	75	1	74	1 065	(991)
Other borrowed funds	4 693	4 536	157	(2 007)	2 164
Lease liabilities	1 266	(1 002)	2 268	-	2 268
Other liabilities	13 672	(4 838)	18 510	15 503	3 007
Net deferred tax asset/(liability)	161 245	46 849	114 396	68 763	45 633

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

24. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The Bank has no dilutive potential ordinary shares, therefore, the diluted earnings per share equal the basic earnings per share.

	2022		2021	
	Ordinary	Preference	Ordinary	Preference
Weighted average number of shares in issue (thousands)	7 101 951	500	4 459 155	500
Profit for the year	199 368	146	70 464	146
Basic and diluted earnings per share (in UZS)	28	292	16	292

25. Segment analysis

The Group's operations are a single reportable segment.

The Group provides mainly banking services in the Republic of Uzbekistan. The Group identifies the segment in accordance with the criteria set in IFRS 8 "Operating Segments" and based on the way the operations of the Group are regularly reviewed by the chief operating decision maker to analyse performance and allocate resources among business units of the Group.

The chief operating decision-maker ("CODM") has been determined as the Bank's Chairman of the Management Board. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The Management has determined a single operating segment being banking services based on these internal reports.

26. Financial risk management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Credit risk. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. The credit risk is mitigated by collateral and other credit enhancements as disclosed in Note 28.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of the Group's internal credit rating system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

24. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The Bank has no dilutive potential ordinary shares, therefore, the diluted earnings per share equal the basic earnings per share.

	2022		2021	
	Ordinary	Preference	Ordinary	Preference
Weighted average number of shares in issue (thousands)	7 101 951	500	4 459 155	500
Profit for the year	199 368	146	70 464	146
Basic and diluted earnings per share (in UZS)	28	292	16	292

25. Segment analysis

The Group's operations are a single reportable segment.

The Group provides mainly banking services in the Republic of Uzbekistan. The Group identifies the segment in accordance with the criteria set in IFRS 8 "Operating Segments" and based on the way the operations of the Group are regularly reviewed by the chief operating decision maker to analyse performance and allocate resources among business units of the Group.

The chief operating decision-maker ("CODM") has been determined as the Bank's Chairman of the Management Board. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The Management has determined a single operating segment being banking services based on these internal reports.

26. Financial risk management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Credit risk. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. The credit risk is mitigated by collateral and other credit enhancements as disclosed in Note 28.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of the Group's internal credit rating system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

Clients of the Bank are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

Group's internal ratings scale:

Standard	1	Timely repayment of "standard" loans is not in doubt. The borrower is a financially stable company, which has an adequate capital level, high level profitability and sufficient cash flow to meet its all existing obligations, including present debt. When assessing the reputation of the borrower such factors as the history of previous repayments, marketability of collateral (movable and immovable property guarantee) are taken into consideration.
Sub-standard	2	As a whole, the financial position of a borrower is stable, but some unfavorable circumstances or tendencies are present, which, if not disposed of, raise some doubts about the borrower's ability to repay on time. "Standard" loans with insufficient information in the credit file or missing information on collateral could be also classified as "Substandard" loans.
Unsatisfactory	3	The primary source of repayment is not sufficient and the Bank has to seek additional loan repayment sources. The financial position of a borrower or forecasted cash flows is not sufficient to settle obligations. The value of collateral is not exceeding or equal to outstanding loan amount.
Doubtful	4	"Doubtful" are loans which, in addition to having the characteristics of "Unsatisfactory" loans, have additional shortcomings, which make it doubtful that the loan will be repaid in full under the existing circumstances. There is a probability of partial repayment of the loan in the near terms.
Uncollected	5	Loans classified as "uncollected" are considered uncollectible and have such a little value that their continuance as assets of the Bank is not worth. This classification does not mean that the loans have absolutely no likelihood of recovery, but rather means that the Bank should cease recognizing such loans and make every effort to liquidate such debts through selling of collateral or collection of the outstanding loan.

Risk limits control and mitigation policies. The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by geographic regions are approved annually by the Bank's Council.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Limits. The Group established a number of credit committees which are responsible for approving credit limits for individual borrowers:

- The Credit Committee of Head office reviews and approves limits up to amount equivalent to 15 percent of Bank's Net Assets;
- The Bank Council reviews and approves limits above the amount equivalent from 15 percent to 50 percent of Bank's Net Assets;

Loan applications, along with financial analysis of loan applicant which includes liquidity, profitability, interest coverage and debt service coverage ratios, originated by the relevant client relationship managers are passed on to the relevant credit committee or Bank Council for approval of credit limit.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

(b) *Collateral.* The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is a common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans and advances and finance leases are:

- guarantee
- real estate
- equipment and motor vehicles used in borrower's business
- Insurance policy
- inventory
- cash deposit

(c) *Concentration of risks of financial assets with credit risk exposure.* Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. The Group's management focuses on concentration risk:

In order to avoid excessive concentrations of risks, the Group's Credit policy and procedures include specific CBU guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Group's management focuses on concentration risk as follows:

- The maximum risk to single borrower or group of affiliated borrowers shall not exceed 25% of the Bank's tier 1 capital;
- The maximum risk for unsecured credits shall not exceed 5% of Bank's tier 1 capital;
- Total amount of all large credits cannot exceed Bank's tier 1 capital by more than 5 times; and
- Total loan amount to related party shall not exceed 50% of Bank's tier 1 capital.

In order to monitor credit risk exposures, weekly reports are produced by the credit department's officers based on a structured analysis focusing on the customer's business and financial performance, which includes overdue balances, disbursements and repayments, outstanding balances and maturity of loan as well as grade of loan and collateral. Any significant exposures against customers with deteriorating creditworthiness are reported to and reviewed by the management daily. Management monitors and follows up past due balances.

Impairment and provisioning policies. The internal rating tool assists the Management to determine whether objective evidence of impairment exists, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings; and
- Deterioration in the value of collateral.

The Group's policy requires the review of individual financial assets that are above certain materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts.

The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

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

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Group uses the same credit policies in assuming conditional obligations as it does for on-balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

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

The following table presents the maximum exposure to credit risk of balance sheet financial assets. For financial assets in the balance sheet, the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral. The Group's maximum exposure to credit risk under contingent liabilities and commitments to extend credit, in the event of non-performance by other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments. The collateral pledged is represented by the carrying amount (not fair value) of a financial instrument for which the collateral was received as security.

Maximum exposure to credit risk as at 31 December 2022 is as follows:

	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net exposure after offset and collateral
		Cash collateral	Collateral other than cash pledged	
Cash and cash equivalents	4 416 753	(2 377 164)	-	2 039 589
Due from other banks	187 588	-	-	187 588
Loans and advances to customers	44 834 442	(20 335)	(35 208 311)	9 605 796
Investment securities	906 478	-	-	906 478
Other financial assets	33 726	-	-	33 726
<i>Off-balance sheet items:</i>				
Letters of credits and guarantees issued	2 964 251	(8 427)	(125 658)	2 830 166

Maximum exposure to credit risk as at 31 December 2021 is as follows:

	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net exposure after offset and collateral
		Cash collateral	Collateral other than cash pledged	
Cash and cash equivalents	3 411 673	(1 131 844)	-	2 279 829
Due from other banks	208 872	-	-	208 872
Loans and advances to customers	32 068 653	(66 818)	(24 048 992)	7 952 843
Investment securities	1 978 864	-	-	1 978 864
Other financial assets	22 900	-	-	22 900
<i>Off-balance sheet items:</i>				
Letters of credits and guarantees issued	3 086 422	(338 868)	(190 108)	2 557 446

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

Currency risk. The table below summarizes the Group's exposure to foreign currency exchange rate risk at the reporting date:

	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
31 December 2022			
USD	9 947 226	(10 149 558)	(202 332)
EUR	4 581 941	(5 070 317)	(488 376)
Other	6 084	(241 623)	(235 539)
Total	14 535 251	(15 461 498)	(926 247)
31 December 2021			
USD	8 274 340	(8 063 764)	210 576
EUR	2 731 080	(2 587 514)	143 566
Other	175 574	(9 768)	165 806
Total	11 180 994	(10 661 046)	519 948

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 Bank Council sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The Bank'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 Uzbek Soums to the profit and loss of the Group.

The following table presents sensitivities of profit and loss to reasonably possible changes in exchange rates applied at the reporting date, with all other variables held constant. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group:

	At 31 December 2022	At 31 December 2021
	Impact on profit or loss	Impact on profit or loss
Strengthening of US Dollars by 10% (2021: 10%)	(20 233)	21 058
Weakening of US Dollars by 10% (2021: 10%)	20 233	(21 058)
Strengthening of Euro by 10% (2021: 10%)	(48 838)	14 357
Weakening of Euro by 10% (2021: 10%)	48 838	(14 357)

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

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

Management monitors on a daily basis and sets limits on the level of mismatch of interest rate re-pricing that may be undertaken.

The table below summarizes the Group's exposure to interest rate risks. The table represents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorized by the contractual maturity dates:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
31 December 2022					
Cash and Cash Equivalents	239 102	-	-	-	239 102
Due from other banks	-	-	-	78 384	78 384
Loans and advances to customers	5 420 206	8 504 200	12 665 542	17 625 511	44 215 459
Debt securities	674 319	201 746	-	-	876 065
<i>Total interest bearing financial assets</i>	6 333 627	8 705 946	12 665 542	17 703 895	45 409 010
Due to other banks	496 884	187 718	5 400	1 957 062	2 647 064
Customer accounts	218 609	2 049 138	3 525 624	3 833 424	9 626 795
Debt securities issued	-	-	150 000	120 000	270 000
Other borrowed funds	1 006 945	3 887 785	13 060 859	8 746 715	26 702 304
Subordinated debts	-	-	-	224 509	224 509
<i>Total interest bearing financial liabilities</i>	1 722 438	6 124 641	16 741 883	14 881 710	39 470 672
Net interest sensitivity gap at 31 December 2022 (unadjusted)	4 611 189	2 581 305	(4 076 341)	2 822 185	5 938 338
Adjustment for technical breach of covenant	(5 839 280)	125 086	1 069 899	4 644 295	-
Net interest sensitivity gap at 31 December 2022	(1 228 091)	2 706 391	(3 006 442)	7 466 480	5 938 338
31 December 2021					
Cash and Cash Equivalents	250 000	-	-	-	250 000
Due from other banks	-	-	-	117 838	117 838
Loans and advances to customers	1 568 105	7 866 392	7 050 871	15 073 785	31 559 153
Debt securities	601 315	1 313 271	40 707	-	1 955 293
<i>Total interest bearing financial assets</i>	2 419 420	9 179 663	7 091 578	15 191 623	33 882 284
Due to other banks	52 567	-	-	934 820	987 387
Customer accounts	309 022	3 743 137	2 525 280	2 653 334	9 230 773
Debt securities issued	40 030	60 920	10 000	-	110 950
Other borrowed funds	5 389 582	1 322 304	6 378 839	3 704 642	16 795 367
Subordinated debts	-	-	-	216 753	216 753
<i>Total interest bearing financial liabilities</i>	5 791 201	5 126 361	8 914 119	7 509 549	27 341 230
Net interest sensitivity gap at 31 December 2021	(3 371 781)	4 053 302	(1 822 541)	7 682 074	6 541 054

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

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

in %p.a	31 December 2022			31 December 2021		
	UZS	USD	EUR	UZS	USD	EUR
Assets						
Cash and cash Equivalents	-	0.01	-	14-16	-	-
Due from other banks	11	-	-	11	3	-
Loans and advances to customers	0-36	0.1 - 14	3-12	0-36	0.1-12	3-12
Investment securities	15-17	-	-	15-16	-	-
Liabilities						
Due to other banks	0-11	0-7	5	3 - 11	0.5-7,3	3
Debt securities issued	18-19	-	-	15-19	-	-
Customer accounts	-	-	-	-	-	-
- current/demand accounts	-	-	-	-	-	-
- term deposits	2-23	2 - 6	-	3 -26	2 - 6	-
Subordinated debts	-	5.9	-	-	5.9	-
Other borrowed funds	-	-	-	-	-	-
- borrowings from International Financial Institutions	-	Libor+1% - Libor+6,75%	Euribor+1% - Euribor+4,3%	- 2 - Libor+6.75	-	0.46 - Euribor+4.3
- borrowings from Domestic Financial Institutions	0-14	-	-	0-14	Libor - Libor+4	-

As at 31 December 2022, if interest rates at that date had been 105 basis points lower with all other variables held constant, profit for the year would have been UZS 68,730 million higher.

If interest rates had been 105 basis points higher with all other variables held constant, profit would have been UZS 68,730 million lower.

Other price risk. The Group has limited exposure to equity price risk.

Geographical risk. The geographical concentration of the Group's financial assets and liabilities at 31 December 2022 is set out below:

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	3 932 418	242 304	242 031	4 416 753
Due from other banks	171 493	-	16 095	187 588
Loans and advances to customers	44 834 442	-	-	44 834 442
Investment securities	906 478	-	-	906 478
Other financial assets	33 726	-	-	33 726
Total financial assets	49 878 557	242 304	258 126	50 378 987
Financial liabilities				
Due to other banks	2 203 505	230	460 607	2 664 342
Customer accounts	13 642 653	-	-	13 642 653
Debt securities issued	270 001	-	-	270 001
Other borrowed funds	15 804 443	8 241 557	2 734 835	26 780 835
Lease liabilities	6 329	-	-	6 329
Other financial liabilities	91 004	-	-	91 004
Subordinated debt	229 749	-	-	229 749
Total financial liabilities	32 247 684	8 241 787	3 195 442	43 684 913
Net balance sheet position as 31 December 2022	17 630 873	(7 999 483)	(2 937 316)	6 694 074
Gross credit related commitments (Note 28)	2 964 251			2 964 251

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

The geographical concentration of the Group's financial assets and liabilities at 31 December 2021 is set out below:

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	3 290 493	119 181	1 999	3 411 673
Due from other banks	204 878	-	3 994	208 872
Loans and advances to customers	32 068 653	-	-	32 068 653
Investment securities	1 978 864	-	-	1 978 864
Other financial assets	22 900	-	-	22 900
Total financial assets	37 565 788	119 181	5 993	37 690 962
Financial liabilities				
Due to other banks	812 739	929	180 465	2 560 842
Customer accounts	12 257 779	-	-	9 444 823
Debt securities issued	112 109	-	-	88 059
Other borrowed funds	9 081 206	5 769 353	2 036 789	13 499 444
Lease liabilities	11 342	-	-	11 342
Other financial liabilities	75 096	-	-	55 365
Subordinated debt	221 812	-	-	214 428
Total financial liabilities	22 572 083	5 770 282	2 217 254	30 559 619
Net balance sheet position as 31 December 2021	14 993 705	(5 651 101)	(2 211 261)	7 131 343
Gross credit related commitments (Note 28)	3 086 422			3 086 422

Assets, liabilities and credit related commitments have generally been based on the country in which the counterparty is located. Cash on hand, due from other banks have been allocated based on the country in which they are physically held.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments. 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 Treasury Department.

The Group seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and debt securities. The group invests the funds in inter-bank placements of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Group requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Group calculates liquidity ratios on a monthly basis in accordance with the requirement of the Central Bank of Uzbekistan. These ratios are calculated using figures based on National Accounting Standards

The Treasury Department receives information about the liquidity profile of the financial assets and liabilities. The Treasury Department then provides for an adequate portfolio of short-term liquid assets, largely made up of short-term liquid trading securities, deposits with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities.

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 end of the reporting period.

The following tables recognize the structure of assets and liabilities at 31 December 2022 and 2021 in accordance with the contractual maturities, except for other borrowed funds (Note 15).

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

The Group monitors liquidity based on expected maturities of financial assets and liabilities as follows at 31 December 2022:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	4 416 753	-	-	-	4 416 753
Due from other banks	90 267	-	-	97 321	187 588
Loans and advances to customers	5 571 213	8 752 915	12 668 086	17 842 228	44 834 442
Investment securities	674 319	201 746	-	30 413	906 478
Other financial assets	33 726	-	-	-	33 726
Total financial assets	10 786 278	8 954 661	12 668 086	17 969 962	50 378 987
Financial liabilities					
Due to other banks	514 159	187 718	5 400	1 957 065	2 664 342
Customer accounts	4 168 149	2 049 138	3 591 942	3 833 424	13 642 653
Debt securities issued	1	-	150 000	120 000	270 001
Other borrowed funds	1 085 476	3 887 785	13 060 859	8 746 715	26 780 835
Lease liabilities	451	1 597	1 440	2 841	6 329
Other financial liabilities	91 004	-	-	-	91 004
Subordinated debt	5 240	-	-	224 509	229 749
Total financial liabilities	5 864 480	6 126 238	16 809 641	14 884 554	43 684 913
Net liquidity gap based on expected maturities	4 921 798	2 828 423	(4 141 555)	3 085 408	6 694 074
Cumulative liquidity gap at 31 December 2022 (unadjusted)*	4 921 798	7 750 221	3 608 666	6 694 074	
Adjustment for technical breach of covenant	(5 839 280)	125 086	1 069 899	4 644 295	
Cumulative liquidity gap at 31 December 2022	(917 482)	2 036 027	(1 035 629)	6 694 074	

*The technical breach described in Note 15 permits the EMF and other creditors the right to demand repayment of funds in the amount of UZS 5,839,280 million prior to their original maturity, however the EMF provided a letter waiving a breach until 1 July 2023.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

The analysis of liquidity based on expected maturity analysis of financial assets and liabilities as at 31 December 2021 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	3 411 673	-	-	-	3 411 673
Due from other banks	86 885	-	3 994	117 993	208 872
Loans and advances to customers	1 888 768	8 054 932	7 051 100	15 073 853	32 068 653
Investment securities	624 886	1 313 271	40 707	-	1 978 864
Other financial assets	22 900	-	-	-	22 900
Total financial assets	6 035 112	9 368 203	7 095 801	15 191 846	37 690 962
Financial liabilities					
Due to other banks	59 313	-	-	934 820	994 133
Customer accounts	3 336 028	3 743 137	2 525 280	2 653 334	12 257 779
Debt securities issued	41 189	60 920	10 000	-	112 109
Other borrowed funds	5 422 715	1 323 934	6 381 078	3 759 621	16 887 348
Lease liabilities	483	2 420	2 818	5 621	11 342
Other financial liabilities	75 096	-	-	-	75 096
Subordinated debt	5 059	-	-	216 753	221 812
Total financial liabilities	8 939 883	5 130 411	8 919 176	7 570 149	30 559 619
Net liquidity gap based on expected maturities	(2 904 771)	4 237 792	(1 823 375)	7 621 697	7 131 343
Cumulative liquidity gap at 31 December 2021	(2 904 771)	1 333 021	(490 354)	7 131 343	

Management believes that in spite of the fact that a substantial portion of customer accounts is on demand, diversification of these deposits by number and type of depositors, and the past experience of the Group would indicate that these customer accounts provide a long-term and stable source of funding for the Group. Thus, the management believes that significant maturity mismatch between assets and liabilities with maturity up to 12 months does not represent significant risk to the Group's liquidity, as very low proportion of due to other banks, demand deposits and short-term deposits is expected to be withdrawn based on the Group's past years' and current year experience, which is consistent with the general banking practices in the banking sector of Uzbekistan.

The following table shows undiscounted cash flows on financial liabilities and credit-related contingencies by the earliest contractual maturity. Total gross cash flow amounts outflow disclosed in these tables are contractual undiscounted cash flows on financial liabilities and credit-related contingencies. In relation to financial guarantee contracts the maximum guarantee amount falls within the earliest period when the guarantee might be used.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

The undiscounted maturity analysis of financial liabilities at 31 December 2022 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial liabilities					
Due to other banks	526 594	242 686	69 190	2 235 870	3 074 340
Customer accounts	4 369 416	2 361 247	3 781 974	5 264 936	15 777 573
Debt securities issued	4 256	19 288	152 367	134 083	309 995
Other borrowed funds	1 256 741	4 683 653	13 624 206	10 581 001	30 145 601
Lease liabilities	537	1 953	1 741	5 303	9 534
Other financial liabilities	91 004	-	-	-	91 004
Subordinated debt	6 396	5 420	6 613	292 049	310 478
Total potential future payments for financial obligations (unadjusted)	6 254 944	7 314 247	17 636 091	18 513 242	49 718 525
Adjustment for technical breach of covenant	5 821 916	(332 823)	(1 264 155)	(5 743 732)	(1 518 794)
Total potential future payments for financial obligations	6 254 944	7 314 247	17 636 091	18 513 242	49 718 525
Gross credit-related commitments	676 026	812 696	955 791	519 739	2 964 251

The undiscounted maturity analysis of financial liabilities at 31 December 2021 is as follows:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial liabilities					
Due to other banks	64 743	26 245	31 980	1 124 677	1 247 645
Customer accounts	3 424 189	4 026 917	2 688 317	3 389 248	13 528 671
Debt securities issued	42 490	65 953	10 005	-	118 449
Other borrowed funds	5 510 612	1 719 066	6 649 271	4 758 525	18 637 474
Lease liabilities	630	3 045	3 374	6 363	13 412
Other financial liabilities	75 096	-	-	-	75 096
Subordinated debts	6 140	5 233	6 419	294 659	312 451
Total potential future payments for financial obligations	9 123 900	5 846 459	9 389 366	9 573 472	33 933 198
Gross credit-related commitments	945 172	477 220	953 403	710 627	3 086 422

Customer accounts are classified in the above analysis based on contractual maturities. However, in accordance with Uzbekistan Civil Code, individuals have a right to withdraw their deposits prior to maturity if they forfeit their right to accrued interest.

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

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

27. Management of capital

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

Under the current capital requirements set by the CBU, banks have to maintain 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% (2021: 13%). Actual ratio as at 31 December 2022: 18% (2021:22%);
- Ratio of Group's tier 1 capital to risk weighted assets ("Capital adequacy ratio") above a prescribed minimum level of 10% (2021: 10%). Actual ratio as at 31 December 2022: 16% (2021: 20%) and;
- Ratio of Group's tier 1 capital to total assets less intangibles ("Leverage ratio") above a prescribed minimum level of 6% (2021: 6%). Actual ratio as at 31 December 2022: 16% (2021:20%).

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

	31 December 2022 (unaudited)	31 December 2021 (unaudited)
Tier 1 capital	8 740 543	8 606 337
Tier 2 capital	1 206 037	938 264
Less: deductions from capital	(127 335)	(156 764)
Total regulatory capital	9 819 245	9 387 836

Regulatory capital consists of Tier 1 capital, which comprises share capital, additional paid in capital, retained earnings, excluding current year profit, less intangible assets. The other component of regulatory capital is Tier 2 capital, which includes current year profit.

28. Contingencies and commitments

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 Management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these consolidated financial statements.

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations can occur frequently. Management's interpretation of legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and federal authorities. Recent events within Uzbekistan suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation 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.

Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. Accordingly, at 31 December 2022 and 31 December 2021 no provision for potential tax liabilities had been recorded. The Group estimates that it has no potential obligations from exposure to other than remote tax risks.

Capital commitments – As at 31 December 2022, the Group had the total capital commitments of UZS 152,657 million (2021: UZS 339,302 million).

Operating lease commitments – The Group had no material operating lease commitments outstanding at 31 December 2022 and 2021.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

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 authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized 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 authorizations 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, if the unused amounts were to be drawn down. 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.

Outstanding credit related commitments are as follows:

	31 December 2022	31 December 2021
Letters of credit, post financing with commencement after reporting period end	1 636 129	1 898 747
Undrawn credit lines	606 076	225 848
Financial guarantees issued	559 164	623 614
Letters of credit, non - post financing	162 882	338 213
Gross credit related commitments	2 964 251	3 086 422
Less: Provision for expected credit losses	(25 147)	(18 527)
Less: Commitment collateralised by cash deposits	(8 427)	(338 868)
Total credit related commitments	2 930 677	2 729 027

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.

Credit related commitments are denominated in currencies as follows:

	31 December 2022	31 December 2021
USD	606 076	225 848
EUR	721 795	1 586 934
UZS	1 636 380	1 273 640
Gross credit related commitments	2 964 251	3 086 422

29. Fair value of financial instruments

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 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 3 measurements are valuations not based on observable market data (that is, unobservable inputs). The Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

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

Fair value of the Bank's financial assets that are measured at fair value on a recurring basis

Fair value of equity securities measured at fair value through other comprehensive income was determined using dividend discount model due to absence of quoted market prices in an active market for similar instruments. The management of the Bank classified these operations as Level 3 fair value hierarchy.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

Assets and liabilities not measured at fair value but for which fair value is disclosed

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 financial statements approximate their fair values.

The fair value of financial assets and financial liabilities at 31 December 2022 is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Due from other banks	187 588	189 960	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Loans and advances to customers	44 834 442	44 195 634	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Due to other banks	2 664 342	2 754 805	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Customer accounts	13 642 653	12 296 415	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Debt securities issued	270 001	288 577	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Other borrowed funds	26 780 835	27 637 912	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value

As at 31 December 2022, the Group determined fair value for some of its financial assets and liabilities using the discounted cash flow model by applying CBU statistical bulletin which became open to public starting 2019. Such financial instruments were categorised as Level 2.

For those financial instruments where interest rates were not directly available in the CBU statistical bulletin, the Management used discounted cash flow model by applying market interest rates based on the rates of the deals concluded towards the end of the reporting period, thereby, categorizing such instruments as Level 3.

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

The Fair value of financial assets and financial liabilities at 31 December 2021 is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Due from other banks	208 872	210 045	Level 3	Discounted cash flow model	Discount factor	The greater discount- value the smaller fair value
Loans and advances to customers	32 068 653	31 664 307	Level 3	Discounted cash flow model	Discount factor	The greater discount- value the smaller fair value
Due to other banks	994 133	999 167	Level 3	Discounted cash flow model	Discount factor	The greater discount- value the smaller fair value
Customer accounts	12 257 779	11 626 478	Level 3	Discounted cash flow model	N/A	The greater discount- value the smaller fair value
Debt securities issued	112 109	118 152	Level 3	Discounted cash flow model	Discount factor	The greater discount- value the smaller fair value
Other borrowed funds	16 887 348	16 867 184	Level 3	Discounted cash flow model	Discount factor	The greater discount- value the smaller fair value

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

30. 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 (2022: 9 members; 2021: 9 members);
- "Government related entities" – entities that are controlled, jointly controlled or significantly influenced by the Government.

Key management compensation is presented below:

	2022	2021
Salaries and other short term benefits	6 286	6 218
Social security contribution	754	746
Total	7 040	6 964

At 31 December 2022, the outstanding balances with related parties were as follows:

	Significant shareholders	Government related entities	Associates	Key management personnel	Total
Cash and cash equivalents	-	1 537 416	-	-	1 537 416
Due from other banks	-	157 929,05	-	-	157 929
Loans and advances to customer (contractual interest rate 3-26%)	-	3 163 682	31 415	29	3 195 126
Investment securities	5 092	886 709	-	-	891 801
Other assets	0	5 555	200	-	5 756
Due to other banks (0%-18%)	-	2 201 310	-	-	2 201 310
Customer accounts	4 778 427	989 940	8	-	5 768 376
Other borrowed funds (0%-14%)	789 863	15 176 992	-	-	15 966 855
Debt securities issued(16%-19%)	-	115 000	-	-	115 000
Subordinated debt (5.9%)	229 749	-	-	-	229 749

At 31 December 2021, the outstanding balances with related parties were as follows:

	Significant shareholders	Government related parties	Associates	Key management personnel	Total
Cash and cash equivalents	-	2 155 635	-	-	2 155 635
Due from other banks	-	190 628	-	-	190 628
Loans and advances to customer (contractual interest rate 3-26%)	-	1 033 231	31 447	261	1 064 939
Investment securities	131 480	1 829 391	-	-	1 960 871
Other assets	-	2 674	200	-	2 874
Due to other banks (0%-18%)	-	759 599	-	-	759 599
Customer accounts	4 152 640	2 064 087	7	-	6 216 733
Other borrowed funds (0%-14%)	8 103 613	870 137	-	-	8 973 750
Debt securities issued(16%-19%)	-	487	-	-	487
Subordinated debt (5.9%)	221 812	-	-	-	221 812

Joint Stock Commercial Bank "Agrobank" and its subsidiaries
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022
(in millions of Uzbek soums)

The income and expense items with related parties for 2022 were as follows:

	Significant Shareholders	Government related entities	Associates	Total
Interest income	7 134	565 309	-	572 444
Interest expense	(568 331)	(1 156 418)	-	(1 724 749)
Fee and commission income	-	10 802	-	10 802

The income and expense items with related parties for 2021 were as follows:

	Significant Shareholders	Government related entities	Associates	Total
Interest income	58 901	191 930	933	251 763
Interest expense	(642 395)	(598 757)	-	(1 241 152)
Fee and commission income	-	1 676	-	1 676

31. Subsequent events

Subsequent to the reporting date, from January to May 2023, the Group received long-term borrowings from an Uzbekistan financial institution and international financial institutions in the total amount of UZS 9,383,357 million.

Additionally, the Group received short-term deposits from the Ministry of Finance and other state funds and institutions, in the total amount of UZS 1,150,418 million.

Furthermore, according to Presidential Decree #83 dated 1 March 2023, the Bank's shares, total amount of UZS 4,467,100 million belonging to the Ministry of Finance of the Republic of Uzbekistan were transferred to the Agency for Strategic Reforms under the President of the Republic of Uzbekistan.

The CBU cut the key rate by 1 percentage point to 14 percent as the economy began to see inflation peaking and beginning to trend downward in 2023. Moreover, interventions were performed in the foreign exchange market in order to prevent sharp fluctuations in the exchange rate of the Uzbekistan Soum against foreign currencies. However, there is uncertainty related to the future developments of geopolitical risks and their impact on the economy of Uzbekistan.

The management of the Group monitors the current developments in the economic and political environment and takes the measures it deems necessary to maintain the sustainability and development of the Bank's business in the near future. However, the consequences of these events and related future changes may have a significant impact on the Group's operations.

THE ISSUER
JSCB "Agrobank"
2a Zokirov Street
Tashkent 100011
Republic of Uzbekistan

JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

ICBC Standard Bank Plc

20 Gresham Street
London, EC2V 7JE
United Kingdom

Mashreqbank PSC

Mashreqbank Global Headquarters
Al Umniyati Street
Burj Khalifa Community
P.O. Box 1250
Dubai
United Arab Emirates

MUFG Securities EMEA plc

Ropemaker Place
25 Ropemaker Street
London, EC2Y 9AJ
United Kingdom

Société Générale

29, boulevard Haussmann
75009 Paris
France

Standard Chartered Bank

One Basinghall Avenue
London EC2V 5DD
United Kingdom

LEGAL ADVISORS

To the Issuer

as to United States and English law
Dentons UK and Middle East LLP
One Fleet Place
London EC4M 7WS
United Kingdom

as to Uzbek law
Dentons Tashkent
58-a Bobur Street
100022 Tashkent
Republic of Uzbekistan

To the Trustee

as to English law
Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Joint Bookrunners

as to United States and English law
Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

as to Uzbek law
Kambarova Yusupov & Partners LLC
65 Oybek Street,
100015 Tashkent
Uzbekistan

TRUSTEE

BNY Mellon Corporate Trustee Services Limited
160 Queen Victoria Street,
London, EC4V 4LA
United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two
Sir John Rogerson's Quay
Dublin 2, Ireland

PRINCIPAL PAYING AGENT AND CALCULATION AGENT

The Bank of New York Mellon, London Branch
160 Queen Victoria Street,
London, EC4V 4LA
United Kingdom

AUDITORS TO THE ISSUER

*in respect of the financial year ended 31 December 2023 and
for the six-month period ended 30 June 2024*

in respect of the financial year ended 31 December 2022

Audit Organization "PricewaterhouseCoopers LLC"

88A, prospect Mustaqillik,
Mirzo-Ulugbek district
Tashkent 100000
Republic of Uzbekistan

Deloitte & Touche Audit Organization LLC

Business Center "Inkonel"
75, Mustakillik Avenue
Tashkent 100000
Republic of Uzbekistan

GREEN STRUCTURING ADVISOR

Global Green Growth Institute

Jeongdong Building, 21-25
Jeongdong-gil, Jung-gu
Seoul
Republic of Korea