

**JSC “National Bank for Foreign
Economic Activity of the
Republic of Uzbekistan”**

Interim condensed consolidated financial information
(unaudited) for six months ended 30 June 2024 and
Report on review of interim condensed consolidated
financial information

JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan”

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JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan”

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 (UNAUDITED)

Management is responsible for the preparation of the interim condensed consolidated financial information that presents the consolidated financial position of JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan” (“the Bank”) and its subsidiaries (collectively – “the Group”) as at 30 June 2024, the results of its operations, changes in equity and cash flows for the six months then ended, in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

In preparing the interim condensed consolidated financial information, 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 IAS 34 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 consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial information of the Group comply with IAS 34;
- maintaining accounting records in compliance with the legislation of the Republic of Uzbekistan and the Russian Federation and accounting policies of the Group;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 (unaudited) was authorized for issue by the Management Board on 28 October 2024.

On behalf of the Management Board:



Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board
28 October 2024
Tashkent, Uzbekistan



Kodirov Fazliddin Nosirovich
Chief Accountant
28 October 2024
Tashkent, Uzbekistan

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and the Supervisory Board of JSC "National Bank for Foreign Economic Activity of the Republic of Uzbekistan":

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of JSC "National Bank for Foreign Economic Activity of the Republic of Uzbekistan" and its subsidiaries (the "Group") as at 30 June 2024 and the related interim condensed consolidated statements of profit and loss, other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes ("the interim condensed consolidated financial information"). Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated 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 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.

Erkin Ayupov, Qualified Auditor/Engagement Partner

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Conclusion

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

Audit Organisation "Deloitte & Touche" LLC is included in the Register of audit organisations of the Ministry of Economy and Finance of the Republic of Uzbekistan dated 08 June 2021



28 October 2024
Tashkent, Uzbekistan

Erkin Ayupov
Qualified Auditor/Engagement Partner
Auditor qualification certificate authorizing audit of companies, #04830 dated 22 May 2010 issued by the Ministry of Economy and Finance of the Republic of Uzbekistan

Auditor qualification certificate authorizing audit of banks, #6/8 dated 25 January 2021 issued by the Central Bank of the Republic of Uzbekistan
Director, Audit Organisation "Deloitte & Touche" LLC

JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan”

Interim Condensed Consolidated Statement of Financial Position

as at 30 June 2024 (unaudited)

(in millions of Uzbekistan Soums)

	Notes	30 June 2024 (unaudited)	31 December 2023
Assets			
Cash and cash equivalents	6	15,848,694	14,377,483
Amounts due from credit institutions	7	4,352,697	6,943,790
Derivative financial assets		114,897	179,039
Loans to customers	8	97,003,443	94,783,232
Investment securities		7,423,914	7,140,848
Investments in associates		222,742	211,504
Property and equipment		2,059,775	2,004,539
Current income tax assets		29,149	33,500
Deferred income tax assets		151,806	202,672
Other assets		928,651	612,799
Assets classified as held for sale	8	305,315	-
Total assets		128,441,083	126,489,406
Liabilities			
Amounts due to the CBU		745,322	1,045,549
Amounts due to credit institutions	9	7,477,436	11,497,362
Amounts due to customers	10	39,607,017	33,968,762
Other borrowed funds	11	55,124,792	55,467,518
Subordinated loans		1,781,969	1,783,232
Debt securities issued		3,707,398	3,655,270
Other liabilities		378,099	585,306
Total liabilities		108,822,033	108,002,999
Equity			
Share capital	12	16,250,670	15,476,078
Contribution from shareholders		126,096	126,096
Retained earnings		2,913,954	2,670,786
Other reserves		266,302	170,050
Total equity attributable to shareholders of the Group		19,557,022	18,443,010
Non-controlling interests		62,028	43,397
Total equity		19,619,050	18,486,407
Total equity and liabilities		128,441,083	126,489,406

On behalf of the Management Board:

Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board

28 October 2024
Tashkent, Uzbekistan

Kodirov Fazliddin Nosirovich
Chief Accountant

28 October 2024
Tashkent, Uzbekistan

The notes on pages 10-37 form an integral part of this interim condensed consolidated financial information.

JSC "National Bank for Foreign Economic Activity of the Republic of Uzbekistan"

Interim Condensed Consolidated Statement of Profit or Loss for the six months ended 30 June 2024 (unaudited)

(in millions of Uzbekistan Soums)

	Notes	For the six months ended 30 June (unaudited)	
		2024	2023
Interest income	13	5,950,284	5,365,102
Interest expense	13	(2,943,035)	(2,346,483)
Net interest income		3,007,249	3,018,619
Credit loss expense	14	(599,946)	(213,111)
Initial recognition adjustment on interest bearing assets		(198,360)	(273,268)
Net interest income after credit loss expense and initial recognition of adjustment		2,208,943	2,532,240
Fee and commission income	15	448,432	332,323
Fee and commission expense	15	(103,561)	(76,533)
Net losses from financial instruments at fair value through profit or loss		(64,142)	(49,846)
<i>Net gains/(losses) from foreign currencies:</i>			
- dealing		607,247	370,001
- translation differences		(42,118)	189,150
Share of profit/(loss) from associates		9,067	(30,552)
Dividend income		12,101	15,578
Other income		23,341	24,506
Other impairment and provisions		(6,154)	(235,162)
Personnel and other operating expenses	16	(1,177,646)	(904,177)
Revenue from non-banking activities		65,722	13,751
Costs of sales from non-banking activities		(48,404)	(10,154)
Net non-interest loss		(276,115)	(361,115)
Profit before income tax expense		1,932,828	2,171,125
Income tax expense	17	(418,169)	(614,835)
Profit for the period		1,514,659	1,556,290
Attributable to:			
- shareholders of the Bank		1,500,143	1,548,567
- non-controlling interests		14,516	7,723
		1,514,659	1,556,290

On behalf of the Management Board:

Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board

28 October 2024
Tashkent, Uzbekistan

Kodirov Fazliddin Nosirovich
Chief Accountant

28 October 2024
Tashkent, Uzbekistan

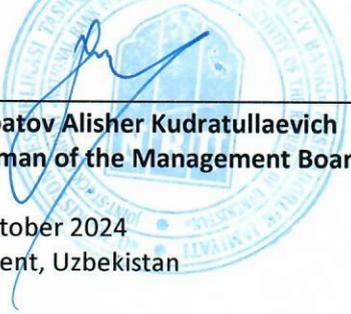
The notes on pages 10-37 form an integral part of this interim condensed consolidated financial information.

JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan”

Interim Condensed Consolidated Statement of Other Comprehensive Income
for the six months ended 30 June 2024 (unaudited)
(in millions of Uzbekistan Soums)

	Notes	For the six months ended 30 June (unaudited)	
		2024	2023
Profit for the period		1,514,659	1,556,290
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations, net of tax		100,367	(189,841)
Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		100,367	(189,841)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Revaluation reserve of equity securities at FVTOCI, net of tax		-	(51,654)
Total other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		-	(51,654)
Other comprehensive income/(loss) for the period		100,367	(241,495)
Total comprehensive income for the period		1,615,026	1,314,795
Attributable to:			
- shareholders of the Bank		1,596,395	1,322,578
- non-controlling interests		18,631	(7,783)
		1,615,026	1,314,795

On behalf of the Management Board:


/ Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board

28 October 2024
Tashkent, Uzbekistan


Kodirov Fazliddin Nosirovich
Chief Accountant

28 October 2024
Tashkent, Uzbekistan

The notes on pages 10-37 form an integral part of this interim condensed consolidated financial information.

JSC "National Bank for Foreign Economic Activity of the Republic of Uzbekistan"

Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2024 (unaudited) (in millions of Uzbekistan Soums)

	Attributable to shareholders of the Bank						Total equity	
	Notes	Share capital	Contribution from shareholders	Retained earnings	Other reserves	Total		Non-controlling interests
Balance as at 1 January 2023		14,350,285	126,096	1,710,706	208,865	16,395,952	24,328	16,420,280
Profit for the period		-	-	1,548,567	-	1,548,567	7,723	1,556,290
Other comprehensive loss		-	-	-	(233,712)	(233,712)	(7,783)	(241,495)
Total comprehensive income/(loss) for the period		-	-	1,548,567	(233,712)	1,314,855	(60)	1,314,795
Dividends to shareholders of the Bank:		1,183,167	-	(1,302,928)	-	(119,761)	-	(119,761)
Capitalization of dividends		1,183,167	-	(1,183,167)	-	-	-	-
Dividends declared		-	-	(54,605)	-	(54,605)	-	(54,605)
Tax on dividends		-	-	(65,156)	-	(65,156)	-	(65,156)
Share increase in subsidiary with non-controlling interest		-	-	-	-	-	3,210	3,210
At 30 June 2023 (unaudited)		15,533,452	126,096	1,956,345	(24,847)	17,591,046	27,478	17,618,524
Balance as at 1 January 2024		15,476,078	126,096	2,670,786	170,050	18,443,010	43,397	18,486,407
Profit for the period		-	-	1,500,143	-	1,500,143	14,516	1,514,659
Other comprehensive income		-	-	-	96,252	96,252	4,115	100,367
Total comprehensive income for the period		-	-	1,500,143	96,252	1,596,395	18,631	1,615,026
Dividends to shareholders of the Bank:		(774,592)	-	(1,256,975)	-	(482,383)	-	(482,383)
Capitalization of dividends	12	(774,592)	-	(774,592)	-	-	-	-
Dividends declared	12	-	-	(419,534)	-	(419,534)	-	(419,534)
Tax on dividends	12	-	-	(62,849)	-	(62,849)	-	(62,849)
At 30 June 2024 (unaudited)		16,250,670	126,096	2,913,954	266,302	19,557,022	62,028	19,619,050

On behalf of the Management Board:

Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board
28 October 2024
Tashkent, Uzbekistan

Kodirov Fazliddin Nosirovich
Chief Accountant
28 October 2024
Tashkent, Uzbekistan

The notes on pages 10-37 form an integral part of this interim condensed consolidated financial information.

JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan”

Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2024 (unaudited) (in millions of Uzbekistan Soums)

	Notes	For the six months ended 30 June (unaudited)	
		2024	2023
Cash flows from operating activities			
Profit before income tax expense		1,932,828	2,171,125
<i>Adjustments for:</i>			
Credit loss expense		599,946	213,111
Other impairment and provisions		6,154	235,162
Initial recognition adjustment on interest bearing assets		198,360	273,268
Translation differences		42,118	(166,264)
Net gain from financial instruments at FVTPL		64,142	49,846
Depreciation and amortization		136,696	100,128
Share of (profit)/loss from associates		(9,067)	30,552
Change in interest income accrual		151,083	(627,623)
Change in interest expense accrual		1,989	251,893
Other non-cash accruals		-	(13,616)
Cash flows from operating activities before changes in operating assets and liabilities		3,124,249	2,517,582
<i>Net (increase)/decrease in operating assets</i>			
Amounts due from credit institutions		2,669,768	(2,851,892)
Loans to customers		(3,258,114)	(149,417)
Other assets		(345,052)	(66,784)
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to the CBU		(321,070)	(494,882)
Amounts due to credit institutions		(4,148,222)	3,109,801
Amounts due to customers		2,718,666	(10,276,713)
Other liabilities		(199,429)	2,418
Net cash flows generated by/(used in) operating activities before income tax		240,796	(8,209,887)
Income tax paid		(362,952)	(463,163)
Net cash used in operating activities		(122,156)	(8,673,050)

The notes on pages 10-37 form an integral part of this interim condensed consolidated financial information.

JSC "National Bank for Foreign Economic Activity of the Republic of Uzbekistan"

Interim Condensed Consolidated Statement of Cash Flows (Continued)
for the six months ended 30 June 2024 (unaudited)
(in millions of Uzbekistan Soums)

	Notes	For the six months ended 30 June (unaudited)	
		2024	2023
Cash flows from investing activities			
Purchase of investment securities		-	(7,165,897)
Proceeds from sale and redemption of investment securities		785	2,334,117
Purchase of investments in associates		(1,870)	-
Purchase of property and equipment		(199,250)	(103,782)
Proceeds from sale of property and equipment		7,318	20,697
Net cash used in investing activities		(193,017)	(4,914,865)
Cash flows from financing activities			
Proceeds from issue of debt securities		8	23,486
Redemption of debt securities issued		(14,517)	(95,666)
Repayment subordinated loans		(27,597)	(48,642)
Proceeds from other borrowed funds and customer accounts		8,880,773	7,983,526
Repayment of other borrowed funds and customer accounts		(6,778,839)	(5,652,541)
Dividends paid to shareholders of the Bank		(365,426)	-
Net cash from financing activities		1,694,402	2,210,163
Effect of changes in foreign exchange rates on cash and cash equivalents		92,390	(10,550)
Effect of expected credit losses on cash and cash equivalents		(408)	(83)
Net increase/(decrease) in cash and cash equivalents		1,471,211	(11,388,385)
Cash and cash equivalents, beginning	6	14,377,483	24,446,019
Cash and cash equivalents, ending	6	15,848,694	13,057,634
Interest received		6,241,089	4,737,479
Interest paid		2,941,046	2,094,590

On behalf of the Management Board:

Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board

28 October 2024
Tashkent, Uzbekistan

Kodirov Fazliddin Nosirovich
Chief Accountant

28 October 2024
Tashkent, Uzbekistan

The notes on pages 10-37 form an integral part of this interim condensed consolidated financial information.

JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan”

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2024 (unaudited)

(in millions of Uzbekistan Soums, unless otherwise indicated)

1. Principal activity

The Joint Stock Company “National Bank for Foreign Economic Activity of the Republic of Uzbekistan” (“the Bank”) is the parent company in the Group, it was formed by the Decree of the President of the Republic of Uzbekistan No. PD-244 dated 7 September 1991. The Bank is part of the banking system of the Republic of Uzbekistan and operates under a general banking license No. 22 reissued by the Central Bank of the Republic of Uzbekistan (“CBU”) on 25 December 2021.

The Bank provides services to the Government of the Republic of Uzbekistan, accepts deposits from the public and extends credits, transfers payments in the Republic of Uzbekistan and abroad, exchanges currencies and provides other banking services to its commercial and retail customers. The head office of the Bank is located in Tashkent.

The Bank’s registered legal address is 101 Amir Temur Avenue, Tashkent, the Republic of Uzbekistan.

The Bank participates in the state deposit insurance program. The State Deposit Insurance Fund guarantees repayment of 100% of deposits of individuals in case of business failure and revocation of the CBU banking license, except for the cases provided for by the Law of the Republic of Uzbekistan No 360-II dated April 5, 2002.

As at 30 June 2024 (unaudited) and 31 December 2023, the following shareholders owned issued shares of the Bank:

	30 June 2024 (unaudited)	31 December 2023
Shareholders:		
The Fund for Reconstruction and Development of the Republic of Uzbekistan (“UFRD”)	59.30%	59.30%
The Ministry of Economy and Finance of the Republic of Uzbekistan	40.70%	40.70%
Total	100.00%	100.00%

The ultimate shareholder and controlling party of the Bank is the Government of the Republic of Uzbekistan.

This interim condensed consolidated financial information was authorized for issue by the Management Board of the Group on 28 October 2024.

2. Basis of preparation

General. The interim condensed consolidated financial information for the six months ended 30 June 2024 (unaudited) has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

This interim condensed consolidated financial information is to be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023. This interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements. The Group omitted disclosures, which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2023 prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards), such as accounting policies and details of accounts, which have not changed significantly in amount or composition.

JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan”

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2024 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

Going concern. This interim condensed consolidated financial information has been prepared assuming that the Group continues as a going concern, which contemplates that the Group will continue its operations for the foreseeable future.

3. 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 the six months of 2024, the gold price was subject to significant fluctuations with the average price of 2,271.31 USD per troy ounce (2023: 1,943 USD per troy ounce). For the same period the Uzbekistan’s gross domestic product (“GDP”) grew by 6.4% (2023: 6%). In the first half of 2024 inflation rate in the country increased to 10.6% per annum (2023: inflation was 8.8% per annum).

The Group also monitors the activities of its Russian subsidiary – JSCB Asia Invest Bank, for any transactions with the financial institutions and entities, upon which sanctions were applied. During the first half of 2024, the activities of JSCB Asia Invest Bank were not significantly hindered by consequences of conflict between Russian and Ukraine and it remained profitable during this period.

As of 30 June 2024, the total assets of JSCB Asia Invest Bank, the largest subsidiary of the Bank located in Russian Federation, comprised 4% of total assets of the Group. JSCB Asia Invest Bank was not under any sanctions during the reporting period and there were no limitations externally imposed upon transactions between the Bank and JSCB Asia Invest Bank.

In June 2024, the Central Bank of the Republic of Uzbekistan has not revised the base rate which remained at 14% per annum. Subsequently, on 25 July 2024, the Central Bank of the Republic of Uzbekistan decreased the base rate by 0.5 percentage to 13.5% per annum. However, the uncertainty still exists related to future development of the geopolitical risks and their impact on the economy of Uzbekistan.

Management of the Group 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.

JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan”

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2024 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

4. Critical accounting judgments and key sources of estimation uncertainty

In preparing this interim condensed consolidated financial information, the significant judgments made by the management in applying the Group’s accounting policies and key sources of estimation uncertainty were consistent with those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2023 prepared in accordance with IFRS accounting standards. There have been no changes to the basis upon which the significant accounting estimates have been determined compared with 31 December 2023.

5. Segment reporting

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 of 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 Group’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. Substantially all the Group’s operations and assets are located in the Republic of Uzbekistan.

6. Cash and cash equivalents

	30 June 2024 (unaudited)	31 December 2023
Cash on hand	2,282,224	1,975,977
Current accounts with the Central Bank	2,211,305	2,407,175
Current accounts with other credit institutions	5,246,825	5,485,610
Time deposits with credit institutions up to 90 days	6,109,676	4,509,649
Total cash and cash equivalents, gross	15,850,030	14,378,411
<i>Less – allowance for impairment</i>	<i>(1,336)</i>	<i>(928)</i>
Total cash and cash equivalents	15,848,694	14,377,483

All balances of cash equivalents are allocated to Stage 1. An analysis of changes in the ECL allowances during the six months ended 30 June 2024 (unaudited) is as follows:

	For the six months ended 30 June (unaudited)	
	2024	2023
ECL allowance as at 1 January	928	1,597
Changes in ECL	408	(83)
At 30 June	1,336	1,514

JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan”

Selected Explanatory Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2024 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

7. Amounts due from credit institutions

	30 June 2024 (unaudited)	31 December 2023
Time deposits for more than 90 days	3,799,835	6,470,155
Obligatory reserve with the Central Bank	584,372	524,003
Total Amounts due from credit institutions, gross	4,384,207	6,994,158
<i>Less – allowance for impairment</i>	(31,510)	(50,368)
Total Amounts due from credit institutions	4,352,697	6,943,790

As at 30 June 2024, time deposits for more than 90 days include interbank deposit between the Bank and JSCB Turonbank for the amount of UZS 164,713 million (2023: UZS 164,713 million), which is pledged as collateral against borrowings from the JSC “Uzbekistan Mortgage Refinancing Company”.

All balances of due from credit institutions are allocated to Stage 1. An analysis of changes in the ECL allowances during the six months ended 30 June 2024 (unaudited) is as follows:

	For the six months ended 30 June (unaudited)	
	2024	2023
ECL allowance as at 1 January	50,368	87,333
New originations or purchase of financial assets	-	54,366
Assets derecognised or repaid	(18,527)	(39,197)
Foreign exchange differences	(331)	1,733
At 30 June	31,510	104,235

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8. Loans to customers

Loans to customers comprise:

	30 June 2024	31 December
	(unaudited)	2023
Corporate lending		
Private companies	46,644,851	45,090,217
State companies	35,895,716	37,207,600
State budget or local authorities	5,925,706	6,466,836
Gross investment in finance lease	240,134	235,995
Non-banking financial institutions	225,023	179,379
Total corporate lending	88,931,430	89,180,027
Loans to individuals		
Mortgage loans	9,853,675	8,974,951
Car loans	3,310,834	2,460,592
Consumer loans	3,004,860	2,317,402
Education loans	368,793	324,380
Agriculture loans	3,527	3,764
Total loans to individuals	16,541,689	14,081,089
Gross loans to customers	105,473,119	103,261,116
<i>Less: allowance for impairment</i>	<i>(8,469,676)</i>	<i>(8,477,884)</i>
Loans to customers	97,003,443	94,783,232

In the first half of 2024, the Group has recovered some of its impaired loans through repossession of collateral in the form of buildings and equipment. As at 30 June 2024 (unaudited), the carrying value of repossessed collateral amounted to UZS 462,209 million of which UZS 305,315 million have been classified as assets held for sale. Assets held for sale were measured at the lower of their carrying amount and fair value less costs to sell. The remaining part of repossessed collateral was included within other assets as they were not ready for sale.

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An analysis of loans to customers at amortized cost allocated by stages is as follows:

30 June 2024 (unaudited)	Stage 1	Stage 2	Stage 3	Total
Private companies	25,264,476	17,227,030	4,153,345	46,644,851
State companies	33,125,652	2,491,965	278,099	35,895,716
State budget or local authorities	5,243,329	682,377	-	5,925,706
Gross investment in finance lease	240,134	-	-	240,134
Non-banking financial institutions	224,832	191	-	225,023
Loans to individuals	16,059,729	267,490	214,470	16,541,689
Gross loans	80,158,152	20,669,053	4,645,914	105,473,119
<i>Less – Allowance for impairment</i>	<i>(1,295,842)</i>	<i>(4,508,989)</i>	<i>(2,664,845)</i>	<i>(8,469,676)</i>
Loans to customers	78,862,310	16,160,064	1,981,069	97,003,443

31 December 2023	Stage 1	Stage 2	Stage 3	Total
Private companies	21,843,364	19,132,529	4,114,324	45,090,217
State companies	36,608,065	275,813	323,722	37,207,600
State budget or local authorities	6,428,367	36,110	2,359	6,466,836
Gross investment in finance lease	235,995	-	-	235,995
Non-banking financial institutions	179,379	-	-	179,379
Loans to individuals	13,717,598	165,029	198,462	14,081,089
Gross loans	79,012,768	19,609,481	4,638,867	103,261,116
<i>Less – Allowance for impairment</i>	<i>(1,206,848)</i>	<i>(4,720,130)</i>	<i>(2,550,906)</i>	<i>(8,477,884)</i>
Loans to customers	77,805,920	14,889,351	2,087,961	94,783,232

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Allowance for impairment of loans to customers

An analysis of changes in the ECL allowances in relation to loans issued to the private companies during the six months ended 30 June 2024 (unaudited) is as follows:

Private companies	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	460,643	4,706,265	2,149,576	7,316,484
New originations or purchase of financial assets	225,003	-	-	225,003
Assets derecognised or repaid	(12,514)	(45,224)	(279,242)	(336,980)
- Transfers to Stage 1	161,453	(161,453)	-	-
- Transfers to Stage 2	(25,105)	96,890	(71,785)	-
- Transfers to Stage 3	-	(130,716)	130,716	-
Net increases/(decrease) due to change in credit risk	(131,193)	22,681	792,862	684,350
Changes in risk parameters	(221,226)	(45,036)	107,274	(158,988)
Foreign exchange differences	1,479	6,437	5,750	13,666
Write off	-	-	(575,414)	(575,414)
As at 30 June 2024 (unaudited)	458,540	4,449,844	2,259,737	7,168,121

An analysis of changes in the ECL allowances in relation to loans issued to the state companies during the six months ended 30 June 2024 (unaudited) is as follows:

State companies	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	638,266	3,650	307,775	949,691
New originations or purchase of financial assets	96,702	-	-	96,702
Assets derecognised or repaid	(5,469)	(1,507)	(3,570)	(10,546)
- Transfers to Stage 1	333	(333)	-	-
- Transfers to Stage 2	(11,914)	13,592	(1,678)	-
Net increases/(decrease) due to change in credit risk	(279)	5,877	186,246	191,844
Changes in risk parameters	4,489	22,117	4,937	31,543
Foreign exchange differences	2,579	179	-	2,758
Write off	-	-	(186,246)	(186,246)
As at 30 June 2024 (unaudited)	724,707	43,575	307,464	1,075,746

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An analysis of changes in the ECL allowances in relation to loans issued to the state budget or local authorities during the six months ended 30 June 2024 (unaudited) is as follows:

State budget or local authorities	Stage1	Stage2	Stage3	Total
ECL as at 1 January 2024	55,805	1,584	1,714	59,103
Assets derecognised or repaid	(4)	(1,584)	(2,839)	(4,427)
Transfers to Stage 1	(2,885)	2,885	-	-
Net increases/(decrease) due to change in credit risk	-	(2,495)	-	(2,495)
Changes in risk parameters	(3,576)	(7)	1,125	(2,458)
Foreign exchange differences	859	6	-	865
As at 30 June 2024 (unaudited)	50,199	389	-	50,588

An analysis of changes in the ECL allowances in relation to loans issued to the gross investment in finance lease during the six months ended 30 June 2024 (unaudited) is as follows:

Gross investment in finance lease	Stage1	Stage2	Stage3	Total
ECL as at 1 January 2024	3,437	-	-	3,437
Changes in risk parameters	(80)	-	-	(80)
Foreign exchange differences	59	-	-	59
As at 30 June 2024 (unaudited)	3,416	-	-	3,416

An analysis of changes in the ECL allowances in relation to loans issued to the non-banking financial institutions in during the six months ended 30 June 2024 (unaudited) is as follows:

Non-banking financial institutions	Stage1	Stage2	Stage3	Total
ECL as at 1 January 2024	1,931	-	-	1,931
New originations or purchase of financial assets	2,622	-	-	2,622
Assets derecognised or repaid	(58)	-	-	(58)
Changes in risk parameters	(323)	-	-	(323)
As at 30 June 2024 (unaudited)	4,172	-	-	4,172

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An analysis of changes in the ECL allowances in relation to loans to individuals in during the six months ended 30 June 2024 (unaudited) is as follows:

Loans to individuals	Stage1	Stage2	Stage3	Total
ECL as at 1 January 2024	46,766	8,631	91,841	147,238
New originations or purchase of financial assets	20,769	-	-	20,769
Assets derecognised or repaid	(1,249)	(401)	(4,588)	(6,238)
Transfers to Stage 1	23,185	(23,185)	-	-
Transfers to Stage 2	(1,705)	24,074	(22,369)	-
Transfers to Stage 3	-	(2,710)	2,710	-
Net increases/(decrease) due to change in credit risk	(22,096)	7,061	36,183	21,148
Changes in risk parameters	(10,862)	1,711	11,747	2,596
Write off	-	-	(17,880)	(17,880)
As at 30 June 2024 (unaudited)	54,808	15,181	97,644	167,633

As at 30 June 2024 (unaudited), the total number of restructured loans was 506 for the total amount of UZS 14,048,893 million.

An analysis of changes in the ECL allowances in relation to loans issued to the private companies during the six months ended 30 June 2023 (unaudited) is as follows:

Private companies	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	580,580	2,436,637	1,216,424	4,233,641
New originations or purchase of financial assets	74,713	-	-	74,713
Assets derecognised or repaid	(23,294)	(24,451)	(24,638)	(72,383)
Transfers to Stage 1	34,857	(34,857)	-	-
Transfers to Stage 2	(213,855)	295,688	(81,833)	-
Transfers to Stage 3	-	(93,946)	93,946	-
Net increases/(decrease) due to change in credit risk	(52,852)	74,663	162,259	184,070
Changes in risk parameters	(61,369)	(369,858)	43,393	(387,834)
Foreign exchange differences	6,351	(7,627)	1,965	689
At 30 June 2023 (unaudited)	345,131	2,276,249	1,411,516	4,032,896

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An analysis of changes in the ECL allowances in relation to loans issued to the state companies during the six months ended 30 June 2023 (unaudited) is as follows:

State companies	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	1,632,479	10,256	82,440	1,725,175
New originations or purchase of financial assets	197,009	-	-	197,009
Assets derecognised or repaid	(124,193)	(1,140)	(67,215)	(192,548)
Transfers to Stage 1	99	(99)	-	-
Transfers to Stage 2	(18,460)	20,415	(1,955)	-
Transfers to Stage 3	-	(11,946)	11,946	-
Net increases/(decrease) due to change in credit risk	(95)	1,251	148,192	149,348
Changes in risk parameters	83,672	3,365	3,272	90,309
Foreign exchange differences	26,446	155	75	26,676
At 30 June 2023 (unaudited)	1,796,957	22,257	176,755	1,995,969

An analysis of changes in the ECL allowances in relation to loans issued to the state budget or local authorities during the six months ended 30 June 2023 (unaudited) is as follows:

State budget or local authorities	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	144,716	-	48,200	192,916
New originations or purchase of financial assets	6,852	-	-	6,852
Assets derecognised or repaid	(56,724)	-	3,203	(53,521)
Transfer to stage 2	(1,564)	1,564	-	-
Net increases/(decrease) due to change in credit risk	-	(1,533)	-	(1,533)
Changes in risk parameters	(31,025)	-	5,569	(25,456)
Foreign exchange differences	1,667	-	-	1,667
At 30 June 2023 (unaudited)	63,922	31	56,972	120,925

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An analysis of changes in the ECL allowances in relation to loans issued to the gross investment in finance lease during the six months ended 30 June 2023 (unaudited) is as follows:

Gross investment in finance lease	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	12,210	-	-	12,210
Assets derecognised or repaid	(140)	-	-	(140)
Changes in risk parameters	137	-	-	137
Foreign exchange differences	286	-	-	286
At 30 June 2023 (unaudited)	12,493	-	-	12,493

An analysis of changes in the ECL allowances in relation to loans issued to the non-banking financial institutions in during the six months ended 30 June 2023 (unaudited) is as follows:

Non-banking financial institutions	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	2,047	-	-	2,047
New originations or purchase of financial assets	1,702	-	-	1,702
Assets derecognised or repaid	(1,077)	-	-	(1,077)
Changes in risk parameters	(17)	-	-	(17)
At 30 June 2023 (unaudited)	2,655	-	-	2,655

An analysis of changes in the ECL allowances in relation to loans to individuals in during the six months ended 30 June 2023 (unaudited) is as follows:

Loans to individuals	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	42,379	7,360	89,456	139,195
New originations or purchase of financial assets	17,233	-	-	17,233
Assets derecognised or repaid	(2,860)	(125)	(927)	(3,912)
Transfer to stage 1	12,493	(12,493)	-	-
Transfer to stage 2	(1,379)	12,859	(11,480)	-
Transfer to stage 3	-	(2,065)	2,065	-
Net increases/(decrease) due to change in credit risk	(11,525)	4,341	15,442	8,258
Changes in risk parameters	2,346	581	16,757	19,684
At 30 June 2023 (unaudited)	58,687	10,458	111,313	180,458

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As at 30 June 2024, loans to individuals in the amount of UZS 133,998 million (2023: UZS 133,998 million) were pledged as collateral against borrowings from the JSC “Uzbekistan Mortgage Refinancing Company”.

9. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2024 (unaudited)	31 December 2023
Correspondent accounts with other banks	6,698,945	8,341,452
Time deposits	778,491	3,155,910
Amounts due to Credit Institutions	7,477,436	11,497,362

During the six months of 2024, USD 150,000,000 (UZS equivalent of 1,860,020 million) of time deposits from single foreign financial institution has been fully repaid at maturity.

10. Amounts due to customers

The amounts due to customers comprise:

	30 June 2024 (unaudited)	31 December 2023
Current accounts	16,873,664	14,203,797
Term deposits	22,733,353	19,764,965
Amounts due to customers	39,607,017	33,968,762
Held as security against letters of credit	474,478	546,072

As at 30 June 2024, included in term deposits are deposits placed by the Ministry of Economy and Finance of the Republic of Uzbekistan and UFRD in the amount of UZS 6,261,177 million (2023: UZS 5,998,243 million) and UZS 2,511,032 million (2023: nil), respectively, mainly directed to financing of mortgage and education loans to individuals and corporate lending. These deposits have the purpose of financing with fixed repayment schedules. Funds were provided at interest rate from 4%-5% in foreign currency and from 6%-14% in local currency with a maturity up to 21 years. Should the Bank use the proceeds for a different purpose, these deposits become repayable on demand.

As at 30 June 2024 (unaudited) and 31 December 2023, amounts due to customers in the amount of UZS 19,571,850 million and UZS 16,886,893 million (49.4% and 62.9% of amounts due to customers), respectively, were due to ten customers, which represents a significant concentration.

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11. Other borrowed funds

	30 June 2024 (unaudited)	31 December 2023
Eximbank of China	12,974,536	12,766,666
China Development Bank Corporation	10,025,055	10,462,020
Gazprombank JSC	5,803,415	5,614,438
Fund for Reconstruction and Development of the Republic of Uzbekistan	4,415,020	4,124,575
Ministry of Economy and Finance of the Republic of Uzbekistan	4,207,639	4,984,336
Societe Generale	2,721,819	695,464
Deutsche Bank AG	2,716,652	2,799,271
Silk Road Fund	2,132,570	2,308,864
International Development Projects LLC	1,953,424	2,230,632
Commerzbank AG	1,560,640	799,166
Credit Suisse AG	1,034,804	1,751,803
Eximbank of Korea	888,898	893,239
Kamkombank LLC	698,393	1,367,414
Sumitomo Mitsui Banking Corporation	577,585	714,891
Natixis Bank	557,881	864,599
Agency for the Promotion of Export under the MIFT of the Republic of Uzbekistan	525,860	562,510
Landesbank Baden-Wuerttemberg	483,204	554,113
Citibank N.A. New York	393,960	438,815
Uzbekistan Mortgage Refinancing Company	255,195	260,617
Islamic Development Bank	218,303	214,541
Baobab Securities Limited	192,162	192,256
Fund for Supporting Youth Entrepreneurship	148,366	144,888
KEB Hana Bank	101,112	116,359
Raiffeisen Bank International AG	50,307	61,918
Eximbank of Turkey	48,582	57,552
Instituto de Credito Oficial	27,686	30,078
European Bank for Reconstruction and Development	-	3,780
Other	411,724	452,713
Other borrowed funds	55,124,792	55,467,518

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The following are the main attractions made by the Group with the multiple loan agreements and withdrawals on existing agreements with the above-mentioned borrowers:

- In April 2024 the Group entered into a new loan agreement with Societe Generale with a total commitment of EUR 200,000,000 (UZS equivalent of 2,686,050 million) with the tenor of 2 years (possibility of extension for another one year). The loan borrowed for general corporate purposes.
- During the six months ended 30 June 2024, the Group received additional funds amounting to CNY 500,000,000 (UZS equivalent of 863,635 million) under the existing loan agreement with Exim bank of China signed in August 2023 with a total commitment of CNY 2,000,000,000 (UZS equivalent of 3,454,540 million) with the tenor of 5 years, including 2 years grace period. The purpose of loan agreement is to finance projects involving the purchase of Chinese-made products.
- The Group raised funds of Commerzbank AG with the total commitment of EUR 72,000,000 (UZS equivalent of 966,978 million) in October 2023 for the tenor of 1 year. During the six months ended 30 June 2024, the Group received the remaining amount of EUR 57,600,000 (UZS equivalent 773,582 million). The funds are borrowed to finance the project for the production of 4 sets of gas turbine equipment. This loan has been extended for additional 12 months, till October 2025.

During the six months ended 30 June 2024 (unaudited), the Group repaid loans in the total amount of UZS 6,177,413 million and continues to proactively collaborate with the above-mentioned borrowers.

As at 30 June 2024 (unaudited), the Group was in compliance with all financial covenants stipulated in the loan agreements from the financial institutions, where the Group is obliged to comply with the financial covenants in relation to the funds borrowed.

12. Equity

At the Shareholders’ meeting in June 2024, the Group declared dividends in respect of the results of 2023 in the amount of UZS 1,256,975 million on ordinary shares including tax on dividends, from which UZS 774,592 million was capitalized to Share Capital proportionally to each shareholder, UZS 419,534 million was allocated for payout, and the remaining UZS 62,849 million was allocated to tax on dividends.

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13. Net interest income

	For the six months ended 30 June (unaudited)	
	2024	2023
Loans to customers	5,197,664	4,407,143
Amounts due from credit institutions	513,624	850,437
Investment securities	177,511	86,429
Cash and cash equivalents	60,681	20,732
Other interest income	804	361
Total interest income	5,950,284	5,365,102
Other borrowed funds	(1,558,096)	(1,224,682)
Amounts due to customers	(1,116,885)	(708,794)
Amounts due to credit institutions	(133,600)	(289,783)
Debt securities issued	(92,810)	(84,025)
Subordinated loans	(41,644)	(39,199)
Total interest expense	(2,943,035)	(2,346,483)
Net interest income	3,007,249	3,018,619

14. Credit loss expense

The table below shows the ECL charges on financial instruments recorded in the interim condensed consolidated statement of profit or loss for the six months period ended 30 June 2024 (unaudited):

	Note	30 June 2024 (unaudited)			Total
		Stage 1	Stage 2	Stage 3	
Cash and cash equivalents	6	408	-	-	408
Amounts due from credit institutions	7	(18,527)	-	-	(18,527)
Loans to customers	8	(59,344)	(36,807)	850,136	753,985
Investment securities		(3,997)	-	-	(3,997)
Other assets		(7,188)	-	-	(7,188)
Financial guarantees	18	(14,309)	-	-	(14,309)
Loan commitments	18	(98,745)	-	-	(98,745)
Letters of credit	18	(11,681)	-	-	(11,681)
Total credit loss expense		(213,383)	(36,807)	850,136	599,946

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The table below shows the ECL charges on financial instruments recorded in the interim condensed consolidated statement of profit or loss for the six months period ended 30 June 2023 (unaudited):

	30 June 2023 (unaudited)				
	Note	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	6	(83)	-	-	(83)
Amounts due from credit institutions	7	16,902	-	-	16,902
Loans to customers	8	(169,298)	(137,804)	317,996	10,894
Investment securities		74,061	-	-	74,061
Other assets		67,417	-	-	67,417
Financial guarantees	18	(16,379)	-	-	(16,379)
Loan commitments	18	(15,253)	-	-	(15,253)
Letters of credit	18	75,552	-	-	75,552
Total credit loss expense		32,919	(137,804)	317,996	213,111

15. Net fee and commission income

	For the six months ended 30 June (unaudited)	
	2024	2023
Settlement operations	194,486	128,238
Foreign Settlement operations	92,070	47,079
Cash operations	58,818	54,414
Operations with plastic cards	35,825	27,322
Letter of credit and guarantee issuance	24,197	24,581
Foreign currency exchange operations	17,041	18,042
Other	25,995	32,647
Fee and commission income	448,432	332,323
Operations with plastic cards	(49,557)	(27,119)
Settlement expenses	(35,693)	(24,869)
Cash collection services	(9,952)	(10,336)
Conversion expenses	(2,274)	(3,638)
Other	(6,085)	(10,571)
Fee and commission expense	(103,561)	(76,533)
Net fee and commission income	344,871	255,790

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16. Personnel and other operating expenses

	For the six months ended 30 June (unaudited)	
	2024	2023
Salaries and bonuses	563,724	461,118
Social security costs	70,373	50,587
Personnel expenses	634,097	511,705
Depreciation and amortization	136,696	100,128
Charity and Sponsorship	106,279	20,265
Maintenance	91,123	74,457
Security	49,163	40,946
Operating taxes	31,126	19,902
Membership fee	30,658	40,985
Communications	18,481	10,175
Office supplies	18,279	10,779
Occupancy and rent	13,718	9,587
Legal and consultancy	11,342	49,086
Business travel and related expenses	4,417	4,110
Transportation	2,366	2,053
Other	29,901	9,999
Other operating expenses	543,549	392,472
Total personal and other operating expenses	1,177,646	904,177

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17. Taxation

	For the six months ended	
	30 June (unaudited)	
	2024	2023
Current income tax	367,303	460,277
Deferred tax charge - origination and reversal of temporary differences	50,866	154,558
Income tax expense	418,169	614,835

18. Commitments and contingencies

Legal

In the ordinary course of business, the Group is subject to legal actions and complaints. As at 30 June 2024 (unaudited), the Group has litigation cases with JSC “Uzinterimpeks” and JSC “Uzmarkazimpeks” in the amounts of USD 550,000 and USD 1,100,000 respectively (the equivalent of UZS 6,905 million and UZS 13,811 million). The cases are under court decision. Therefore, there is a high possibility for the Group to pay off these contingent liabilities. The Management believes that the ultimate liability, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

Taxation

Uzbekistan currently has a number of laws related to various taxes imposed by both state and regional governmental authorities. Implementing regulations are often unclear or non-existent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organizations (like the State Tax Committee of the Republic of Uzbekistan and its various inspectorates) thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities that are empowered by law to impose extremely severe fines, penalties and interest charges. These facts create tax risks in Uzbekistan substantially more significant than typically found in countries with more developed tax systems. Management believes that the Group is in substantial compliance with the tax laws affecting its operations. However, the risk remains that relevant authorities could take differing positions with regard to interpretive issues.

As at 30 June 2024 (unaudited), the Management believes that its interpretation of the relevant legislation is appropriate and that the Group’s tax, currency and customs positions will be sustained.

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.

The risk-weighted amount is obtained by applying credit conversion factor and counterparty risk weightings according to the principles employed by the Basle Committee on Banking Supervision.

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Group’s commitments and contingencies comprised the following:

	30 June 2024 (unaudited)	31 December 2023
Credit related commitments		
Undrawn loan commitments	4,434,073	6,662,090
Letters of credit	805,970	1,550,200
Financial guarantees	825,713	1,713,007
	6,065,756	9,925,297
Other commitments		
Performance guarantees	332,986	502,919
	332,986	502,919
Commitments and contingencies	6,398,742	10,428,216
Provision for ECL for credit related commitments	(95,832)	(220,567)
Deposits held as securities against letters of credit	(474,478)	(546,072)

All balances of commitments and contingencies are allocated to Stage 1. An analysis of changes in the ECL allowances during the six months ended 30 June 2024 (unaudited) is as follows:

	For the six months ended 30 June (unaudited)	
	2024	2023
<i>Undrawn loan commitments</i>		
ECL allowance as at 1 January	158,436	78,272
New exposures	30,557	45,536
Amounts paid	(62,388)	(14,078)
Changes to models and inputs used for ECL calculations	(66,914)	(46,711)
At 30 June	59,691	63,019

	For the six months ended 30 June (unaudited)	
	2024	2023
<i>Letters of credit</i>		
ECL allowance as at 1 January	14,006	13,951
New exposures	2,102	82,417
Amounts paid	(9,515)	(2,362)
Changes to models and inputs used for ECL calculations	(4,268)	(4,503)
At 30 June	2,325	89,503

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Financial guarantees	For the six months ended 30 June (unaudited)	
	2024	2023
ECL allowance as at 1 January	48,125	100,881
New exposures	136	3,397
Amounts paid	(15,435)	(1,345)
Changes to models and inputs used for ECL calculations	990	(18,431)
At 30 June	33,816	84,502

19. Fair value of financial instruments

IFRS accounting standards define 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 hierarchy

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: 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
- Level 3: 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.

(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 level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

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	Fair value as at 30 June 2024 (unaudited)	Fair value as at 31 December 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Signifi- cant unobser- vable input(s)	Relationship of unobservable inputs to fair value
Financial assets at fair value through other comprehensive income (equity instruments)	504,598	416,437	Level 3	Discounted cash flows of future expected dividends. Discount rate estimated based on unobservable internally generated historical dividend received rates	Discount rate	The greater discount - the smaller fair value
Derivative financial assets	114,897	179,039	Level 2	Discounted cash flows. Discount rate estimated based on unobservable rates	Discount rate	The greater discount - the smaller fair value

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 other comprehensive income.

The fair value of the equity instruments at fair value through other comprehensive income were determined as the present value of future dividends by assuming dividend growth rate of zero per annum. The Management built its expectation based on previous experience of dividends received on financial assets at fair value through other comprehensive income over multiple years, and accordingly calculated the value of using the average rate of return on investments. The Management believes that this approach accurately reflects the fair value of these securities, given they are not traded. Such financial instruments were categorised as Level 3.

The Level 3 derivative financial instruments include cross-currency and currency swap derivatives. The value of these derivatives determined by discounting all future cash flows by externally sourced market inputs at the reporting date, taking into account the credit quality of both parties. In valuing these instruments the in-house valuation models is used. The market for derivatives remains inactive, therefore these vanilla trades are classified as Level 3 under the IFRS 13 framework.

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

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	30 June 2024 (unaudited)				31 December 2023			
	Level 2 fair value	Level 3 fair value	Total fair value	Carrying value	Level 2 fair value	Level 3 fair value	Total fair value	Carrying value
Loans to customers	-	93,583,426	93,583,426	96,964,260	-	92,842,798	92,842,798	94,783,232
Amounts due from credit institutions	-	4,352,396	4,352,396	4,352,697	-	6,987,007	6,987,007	6,943,790
Investment securities	6,735,459	-	6,735,459	6,919,316	6,463,207	-	6,463,207	6,724,411
Amounts due to credit institutions	-	7,477,436	7,477,436	7,477,436	-	11,480,780	11,480,780	11,497,362
Amounts due to customers	-	39,277,079	39,277,079	39,607,017	-	34,053,875	34,053,875	33,968,762
Debt securities issued	3,842,293	-	3,842,293	3,707,398	3,842,293	-	3,842,293	3,655,270
Other borrowed funds	-	56,383,827	56,383,827	55,124,792	-	54,791,218	54,791,218	55,467,518

Except as detailed in the above table, the Management considers that the carrying values of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

As at 30 June 2024 (unaudited) and 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, such financial instruments were categorised as Level 2. For those financial instruments where interest rates were not directly available in 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.

20. Related party disclosures

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or 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.

- “Parent” - legal entity shareholder which have control to the Group through the Government;
- “Key management personnel” - members of the Management Board and the Council of the Bank;
- “Government controlled entities” - entities that are controlled, jointly controlled or significantly influenced by the Government.
- “Associates” – entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

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Transactions with government-related entities

The Government of the Republic of Uzbekistan, acting through the Fund for Reconstruction and Development of the Republic of Uzbekistan and the Ministry of Economy and Finance of the Republic of Uzbekistan, controls the Group.

The Government of the Republic of Uzbekistan, directly and indirectly controls and has significant influence over a significant 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 settlement, foreign exchange, providing guarantees, as well as securities and derivative transactions. These transactions comprise a large portion of the Group’s transactions.

Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

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	30 June 2024 (unaudited)					31 December 2023				
	Parent	Government controlled entities	Associates	Key management personnel	Total category as per financial statement caption	Parent	Government controlled entities	Associates	Key management personnel	Total category as per financial statement caption
Cash and cash equivalents	-	3,135,222	-	-	15,848,694	-	3,290,592	-	-	14,377,483
Amounts due from credit institutions	-	3,740,095	-	-	4,352,697	-	4,602,515	-	-	6,943,790
Loans to customers	-	40,551,619	7,075,725	1,260	105,473,119	-	42,059,665	6,394,818	2,076	103,261,116
Allowance for impairment -										
Loans to customers	-	(1,100,940)	(3,997,254)	(3)	(8,469,676)	-	(964,483)	(4,027,723)	(6)	(8,477,884)
Investment securities	-	7,046,395	-	-	7,423,914	-	6,819,892	-	-	7,140,848
Other assets	-	7,379	1,715	-	928,651	-	3,152	75	-	612,799
Amounts due to the CBU	-	(745,322)	-	-	(745,322)	-	(1,045,549)	-	-	(1,045,549)
Amounts due to credit institutions	-	(2,968,897)	-	-	(7,477,436)	-	(3,895,372)	-	-	(11,497,362)
Amounts due to customers	(2,511,355)	(13,380,855)	(25,841)	(193)	(39,607,017)	-	(11,401,372)	(20,524)	(480)	(33,968,762)
Other borrowed funds	(4,415,020)	(5,548,784)	-	-	(55,124,792)	(4,124,575)	(6,405,064)	-	-	(55,467,518)
Subordinated loans	-	(1,781,969)	-	-	(1,781,969)	-	(1,783,232)	-	-	(1,783,232)
Debt securities issued	-	-	-	-	(3,707,398)	-	(10,129)	-	-	(3,655,270)
Guarantees	-	(783,684)	-	-	(1,158,699)	-	(1,624,276)	-	-	(2,215,926)
Letters of credit	-	(154,016)	(955)	-	(805,970)	-	(1,323,892)	-	-	(1,550,200)
UCL	-	(1,255,463)	-	-	(4,434,073)	-	(2,799,162)	(4,922)	-	(6,662,090)

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	30 June 2024 (unaudited)					30 June 2023 (unaudited)					Total category as per financial statement caption
	Parent	Government controlled entities	Associates	Key management personnel	Total category as per financial statement caption	Parent	Government controlled entities	Associates	Key management personnel	Total category as per financial statement caption	
Interest income on loans to customers	-	1,696,932	159,290	-	4,740,534	-	1,471,148	160,295	3	4,407,143	
Interest income on amounts due from credit institutions	-	135,178	-	-	513,624	-	228,441	-	-	850,437	
Interest income on cash and cash equivalents	-	19,112	-	-	60,681	-	10,707	-	-	20,732	
Interest income on investment securities	-	177,511	-	-	177,511	-	86,429	-	-	86,429	
Interest income on finance leases	-	804	-	-	804	-	361	-	-	361	
Credit loss expense	-	10,169	(36,387)	(1)	(181,752)	-	(175,873)	(245,635)	(1)	(213,111)	
Interest expense on amounts due to customers	-	(555,017)	-	-	(1,116,885)	-	(252,254)	-	-	(708,794)	
Interest expense on other borrowed funds	(151,322)	(105,218)	-	-	(1,558,096)	(55,927)	(101,376)	-	-	(1,224,682)	
Interest expense on subordinated loans	-	(41,644)	-	-	(41,644)	-	(39,199)	-	-	(39,199)	
Fee and commission income	-	72,142	1,028	-	448,432	-	79,298	41,899	-	332,323	
Fee and commission expense	-	(6,231)	-	-	(103,561)	-	(21,617)	-	-	(76,533)	
Personnel and other operating expense:											
Salaries and bonuses	-	-	-	(4,245)	(563,724)	-	-	-	(3,564)	(461,118)	
Social security costs	-	-	-	(509)	(70,373)	-	-	-	(428)	(50,587)	
Other operating expenses	-	(61,784)	-	-	(543,549)	-	(60,887)	-	-	(392,472)	

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21. Subsidiaries

Subsidiary	30 June 2024 (unaudited)				
	Principal place of business	Country of incorporation	Date of incorporation	Nature of activities	Ownership/ voting,%
JSC NBU Invest Group	Tashkent	Uzbekistan	2008	Asset management	100%
CJSC Asia Invest Bank	Moscow	Russia	1996	Banking	95.9%
NBU Samarkand Invest LLC	Samarkand	Uzbekistan	2017	Asset management	100%
NBU Gazgan Invest LLC	Navoiy	Uzbekistan	2017	Asset management	100%
Marmarobod LLC	Navoiy	Uzbekistan	2019	Manufacturing	100%
Zomin Ropeway LLC	Tashkent	Uzbekistan	2021	Service	100%
Zominsoy Development Invest LLC	Tashkent	Uzbekistan	2020	Service	100%
Suffa Spa LLC	Jizzakh	Uzbekistan	2017	Service	100%
Royal Silk LLC	Andijan	Uzbekistan	2020	Textile	100%
Suffa Shale LLC	Djizzakh	Uzbekistan	2023	Service	100%
Khiva Plaza LLC	Khorezm	Uzbekistan	2023	Hotel	100%
Chorvoq Resort Complex LLC	Tashkent	Uzbekistan	2023	Service	100%
Zominsoy Development Invest 1 LLC	Jizzakh	Uzbekistan	2023	Asset management	75.6%
Zominsoy Development Invest 2	Jizzakh	Uzbekistan	2023	Asset management	100%
Zominsoy Development Invest 3	Jizzakh	Uzbekistan	2023	Asset management	100%
Miraki Ropeway Health Resort Rokhat - NBU LLC	Kashkadaryo	Uzbekistan	2024	Service	100%
	Issyk-Kul	Kyrgyzstan	2024	Service	100%

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31 December 2023					
Subsidiary	Principal place of business	Country of incorporation	Date of incorporation	Nature of activities	Ownership/ voting,%
JSC NBU Invest Group	Tashkent	Uzbekistan	2008	Asset management	100%
CJSC Asia Invest Bank	Moscow	Russia	1996	Banking	95.9%
NBU Samarkand Invest LLC	Samarkand	Uzbekistan	2017	Asset management	100%
NBU Gazgan Invest LLC	Navoiy	Uzbekistan	2017	Asset management	100%
Marmarobod LLC	Navoiy	Uzbekistan	2019	Manufacturing	100%
Invest Group Center LLC	Tashkent	Uzbekistan	1999	Office maintenance	100%
Zomin Ropeway LLC	Tashkent	Uzbekistan	2021	Service	100%
Zominsoy Development Invest LLC	Tashkent	Uzbekistan	2020	Service	100%
Suffa Spa LLC	Jizzakh	Uzbekistan	2017	Service	100%
Royal Silk LLC	Andijan	Uzbekistan	2020	Textile	100%
Suffa Shale LLC	Djizzakh	Uzbekistan	2023	Service	100%
Khiva Plaza LLC	Khorezm	Uzbekistan	2023	Hotel	100%
Chorvoq Resort Complex LLC	Tashkent	Uzbekistan	2023	Service	100%
World-Leader LLC	Tashkent	Uzbekistan	2023	Trade	99.3%
Zominsoy Development Invest 1 LLC	Jizzakh	Uzbekistan	2023	Asset management	75.6%
Zominsoy Development Invest 2	Jizzakh	Uzbekistan	2023	Asset management	100%
Zominsoy Development Invest 3	Jizzakh	Uzbekistan	2023	Asset management	100%

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22. Subsequent events

In July 2024, the Group had issued Eurobonds in London Stock Exchange having aggregate value of USD 300,000,000 (UZS equivalent of 3,766,548 million) and UZS 1,400,000 million bearing annual interest rate 8.5% and 19.875% maturing in July 2029 and in July 2027, respectively.

From July to September 2024 the Group has received CNY 2,000,000,000 (UZS equivalent of 3,454,540 million) under the loan agreement signed with China Development Bank in June 2024 with the tenor of 3 years. The loan was borrowed to finance general corporate purposes and contracts with Chinese-suppliers.

In August 2024, the Group has received EUR 52,439,180 (UZS equivalent of 704,271 million) Oesterreichische Kontrollbank Aktiengesellschaft covered term loan from Standard Chartered Bank with the tenor of up to 5 years. The loan was borrowed to finance trade-related projects and contracts with Austrian exporters and suppliers.