

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

Interim condensed consolidated financial information
(unaudited) for six months ended 30 June 2023 and
Report on review of interim condensed consolidated
financial information

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

TABLE OF CONTENTS

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)	1
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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	2-3
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INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED):

Interim consolidated statement of financial position (unaudited)	4
Interim consolidated statement of profit or loss (unaudited).....	5
Interim consolidated statement of other comprehensive income (unaudited)	6
Interim consolidated statement of changes in equity (unaudited).....	7
Interim consolidated statement of cash flows (unaudited)	8-9

SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED):

1. Principal activity	10
2. Basis of preparation	10
3. Operating environment	11
4. Critical accounting judgments and key sources of estimation uncertainty	12
5. Segment reporting	12
6. Restatements	12
7. Cash and cash equivalents	13
8. Amounts due from credit institutions	14
9. Derivative financial assets.....	14
10. Loans to customers.....	15
11. Investment securities.....	22
12. Amounts due to credit institutions.....	23
13. Amounts due to customers.....	23
14. Other borrowed funds	24
15. Equity	25
16. Net interest income	26
17. Credit loss expense	26
18. Net fee and commission income	27
19. Net dealing gains from foreign currencies.....	28
20. Personnel and other operating expenses	28
21. Taxation.....	29
22. Commitments and contingencies	29
23. Fair value of financial instruments.....	31
24. Related party disclosures.....	33
25. Subsidiaries	36
26. Subsequent events.....	37

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 2023 (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 2023, 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;
- 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 2023 (unaudited) was authorized for issue by the Management Board on 23 October 2023.

On behalf of the Management Board:



Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board

23 October 2023
Tashkent, Uzbekistan



Kodirov Fazliddin Nosirovich
Acting Chief Accountant

23 October 2023
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 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 2023 and the related interim consolidated statement of profit and loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and selected explanatory notes ("the interim condensed consolidated 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.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 28 April 2023.

Erkin Ayupov, Qualified Auditor/Engagement Partner



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

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

23 October 2023
Tashkent, Uzbekistan

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

Interim Consolidated Statement of Financial Position

as at 30 June 2023 (unaudited)

(in millions of Uzbekistan Soums)

	Notes	30 June 2023 (unaudited)	31 December 2022 (Restated)*	1 January 2022 (Restated)*
Assets				
Cash and cash equivalents	7	13,057,634	24,446,019	10,185,391
Amounts due from credit institutions	8	10,132,754	7,324,452	3,887,238
Derivative financial assets	9	42,539	92,385	-
Loans to customers	10	87,073,742	85,679,925	70,883,397
Investment securities	11	6,558,525	1,746,759	1,112,917
Investments in associates		191,815	229,403	345,610
Property and equipment		1,109,788	1,072,656	924,455
Current income tax assets		22,841	19,955	-
Deferred income tax assets		139,141	280,785	421,268
Other assets		424,495	385,110	471,937
Total assets		118,753,274	121,277,449	88,232,213
Liabilities				
Amounts due to the CBU		248,060	725,946	708,828
Amounts due to credit institutions	12	19,751,969	15,946,374	2,612,322
Amounts due to customers	13	29,217,164	38,951,852	22,243,551
Derivative financial liabilities		-	-	41,491
Other borrowed funds	14	46,365,847	43,827,997	43,847,483
Subordinated loans		1,684,753	1,648,202	1,612,487
Debt securities issued		3,397,293	3,409,313	3,334,500
Current income tax liabilities		-	-	8,571
Other liabilities		469,664	347,485	327,224
Total liabilities		101,134,750	104,857,169	74,736,457
Equity				
Share capital	15	15,533,452	14,350,285	12,209,351
Contribution from shareholders		126,096	126,096	126,096
Retained earnings		1,956,345	1,710,706	904,616
Other reserves		(24,847)	208,865	100,791
Total equity attributable to shareholders of the Bank		17,591,046	16,395,952	13,340,854
Non-controlling interests		27,478	24,328	154,902
Total equity		17,618,524	16,420,280	13,495,756
Total equity and liabilities		118,753,274	121,277,449	88,232,213

*See Note 6 for details.

On behalf of the Management Board:

Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board

23 October 2023
Tashkent, Uzbekistan

Kodirov Fazliddin Nosirovich
Acting Chief Accountant

23 October 2023
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 Consolidated Statement of Profit or Loss for the six months ended 30 June 2023 (unaudited)

(in millions of Uzbekistan Soums)

	Note	For the six months ended 30 June (unaudited)	
		2023	2022
Interest income	16	5,365,102	3,654,404
Interest expense	16	(2,346,483)	(1,466,357)
Net interest income		3,018,619	2,188,047
Credit loss expense	17	(213,111)	(1,245,784)
Initial recognition adjustment on interest bearing assets		(273,268)	(75,048)
Net interest income after credit loss expense and initial recognition of adjustment		2,532,240	867,215
Fee and commission income	18	332,323	241,122
Fee and commission expense	18	(76,533)	(54,670)
Net (losses)/gains from financial instruments at fair value through profit or loss		(49,846)	93,699
<i>Net gains/(losses) from foreign currencies:</i>	19		
- dealing		370,001	1,734,534
- translation differences		189,150	(86,229)
Share of (loss)/profit of associates		(30,552)	62,269
Dividend income		15,578	680
Other income		24,506	47,574
Impairment of investments in associates		-	(21,999)
Other impairment and provisions		(235,162)	(25,558)
Personnel and other operating expenses	20	(904,177)	(697,799)
Revenue from non-banking activities		13,751	135,665
Costs of sales from non-banking activities		(10,154)	(56,983)
Net non-interest (loss) /income		(361,115)	1,372,305
Profit before income tax expense		2,171,125	2,239,520
Income tax expense	21	(614,835)	(556,959)
Profit for the period		1,556,290	1,682,561
Attributable to:			
- shareholders of the Bank		1,548,567	1,648,495
- non-controlling interests		7,723	34,066
		1,556,290	1,682,561

On behalf of the Management Board:

Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board

23 October 2023
Tashkent, Uzbekistan

Kodirov Fazliddin Nosirovich
Acting Chief Accountant

23 October 2023
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 Consolidated Statement of Other Comprehensive Income for the six months ended 30 June 2023
(unaudited)

(in millions of Uzbekistan Soums)

	Note	For the six months ended 30 June (unaudited)	
		2023	2022
Profit for the period		1,556,290	1,682,561
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		(189,841)	188,430
Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		(189,841)	188,430
<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 (loss)/income for the period, net of tax		(241,495)	188,430
Total comprehensive income for the period		1,314,795	1,870,991
Attributable to:			
- shareholders of the Bank		1,322,578	1,829,199
- non-controlling interests		(7,783)	41,792
		1,314,795	1,870,991

On behalf of the Management Board:

Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board

23 October 2023
Tashkent, Uzbekistan

Kodirov Fazliddin Nosirovich
Acting Chief Accountant

23 October 2023
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 Consolidated Statement of Changes in Equity for the six months ended 30 June 2023 (unaudited) (in millions of Uzbekistan Soums)

Notes	Attributable to shareholders of the Bank						Total equity
	Share capital	Contribution from shareholders	Retained earnings	Other reserves	Total controlling interests	Non-controlling interests	
Balance as at 1 January 2022	12,209,351	126,096	904,616	100,791	13,340,854	154,902	13,495,756
Profit for the period	-	-	1,648,495	-	1,648,495	34,066	1,682,561
Other comprehensive income	-	-	-	180,704	180,704	7,726	188,430
Total Comprehensive income for the period	-	-	1,648,495	180,704	1,829,199	41,792	1,870,991
Dividends to shareholders of the Bank:	486,569	-	(547,252)	-	(60,683)	-	(60,683)
Capitalization of Dividends	486,569	-	(486,569)	-	-	-	-
Paid Dividends	-	-	(60,683)	-	(60,683)	-	(60,683)
Tax on Dividends	-	-	(25,609)	-	(25,609)	-	(25,609)
Other distributions to the shareholders of the Bank	(68,121)	-	(168,973)	-	(237,094)	(178,704)	(415,798)
Disposal of subsidiary	-	-	-	-	-	6,004	6,004
At 30 June 2022 (unaudited)	12,627,799	126,096	1,811,277	281,495	14,846,667	23,994	14,870,661
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	-	(1,237,772)	-	(54,605)	-	(54,605)
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

On behalf of the Management Board:

Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board

23 October 2023

Tashkent, Uzbekistan

Kodirov Fazliddin Nosirovich
Acting Chief Accountant

23 October 2023

Tashkent, Uzbekistan



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

Interim Consolidated Statement of Cash Flows for the six months ended 30 June 2023 (unaudited) (in millions of Uzbekistan Soums)

	Notes	For the six months ended 30 June (unaudited)	
		2023	2022
Cash flows from operating activities			
Profit before income tax		2,171,125	2,239,520
<i>Adjustments for:</i>			
Provision for impairment losses on interest bearing assets		213,111	1,245,784
Other impairment and provisions		235,162	25,558
Impairment of investments in associates		-	21,999
Initial recognition adjustment on interest bearing assets		273,268	75,048
Net unrealized gain on foreign exchange operations		(166,264)	(140,809)
Net losses/(gains) from financial instruments at FVTPL		49,846	(93,699)
Depreciation and amortization		100,128	76,965
Gain from disposal of subsidiaries		-	(19,124)
Share of loss / (profit) from associates		30,552	(62,269)
Change in interest income accrual		(627,623)	(437,269)
Change in interest expenses accrual		251,893	83,514
Other non-cash accruals		(13,616)	78,517
Cash flows from operating activities before changes in operating assets and liabilities		2,517,582	3,093,735
<i>Net (increase)/decrease in operating assets</i>			
Amounts due from credit institutions		(2,851,892)	(289,701)
Loans to customers		(149,417)	(6,688,670)
Other assets		(66,784)	61,764
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to the CBU		(494,882)	655,087
Amounts due to credit institutions		3,109,801	11,628,225
Amounts due to customers		(10,276,713)	18,223,781
Other liabilities		2,418	63,568
Net cash flows (used in)/generated by operating activities before income tax		(8,209,887)	26,747,789
Income tax paid		(463,163)	(340,228)
Net cash (used in)/generated by operating activities		(8,673,050)	26,407,561

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 Consolidated Statement of Cash Flows (Continued)
for the six months ended 30 June 2023 (unaudited)
(in millions of Uzbekistan Soums)

	Notes	For the six months ended 30 June (unaudited)	
		2023	2022
Cash flows from investing activities			
Purchase of investment securities		(7,165,897)	(2,343,625)
Proceeds from sale and redemption of investment securities		2,334,117	2,776,467
Purchase of investments in associates		-	(37,965)
Purchase of property and equipment		(103,782)	(251,587)
Proceeds from sale of property and equipment		20,697	4,998
Net cash (used in)/generated by investing activities		(4,914,865)	148,288
Cash flows from financing activities			
Proceeds from issue of debt securities		23,486	-
Redemption of debt securities issued		(95,666)	(19,053)
Repayment subordinated loans		(48,642)	-
Proceeds from other borrowed funds		7,983,526	1,331,952
Repayment of other borrowed funds		(5,652,541)	(3,966,984)
Dividends paid to shareholders of the Bank		-	(86,292)
Net cash from/(used in) financing activities		2,210,163	(2,740,377)
Effect of changes in foreign exchange rates on cash and cash equivalents		(10,550)	(12,345)
Effect of expected credit losses on cash and cash equivalents		(83)	(6,474)
Net (decrease)/increase in cash and cash equivalents		(11,388,385)	23,796,653
Cash and cash equivalents, beginning	7	24,446,019	10,185,391
Cash and cash equivalents, ending	7	13,057,634	33,982,044
Interest received		4,737,479	3,217,135
Interest paid		2,094,590	1,382,843

On behalf of the Management Board:

Mirsoatov Alisher Kudratullaevich
Chairman of the Management Board

23 October 2023
Tashkent, Uzbekistan

Kodirov Fazliddin Nosirovich
Acting Chief Accountant

23 October 2023
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 2023 (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.

As at 30 June 2023 (unaudited) and 31 December 2022, the following shareholders owned issued shares of the Bank:

	30 June 2023 (unaudited)	31 December 2022
Shareholders:		
The Agency for Strategic Reforms under the President of the Republic of Uzbekistan	40.70%	-
The Fund for Reconstruction and Development of the Republic of Uzbekistan	59.30%	59.30%
The Ministry of Economy and Finance of the Republic of Uzbekistan	-	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 23 October 2023.

2. Basis of preparation

General. The interim condensed consolidated financial information for the six months ended 30 June 2023 (unaudited) has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022.

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 2023 (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, social, 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 ended 30 June 2023, the LBMA gold price was subject to significant fluctuations with the average price of 1,931.5 USD per troy ounce (31 December 2022: 1,800.8 USD per troy ounce). In addition, Uzbekistan’s gross domestic product (“GDP”) grew by 5.6% (31 December 2022: 5.7%).

In accordance with the decision of the CBU dated 16 March 2023, the base rate was decreased to 14% per annum ensuring that relatively tight monetary conditions are maintained in the downward dynamics of the inflation forecast (31 December 2022: 15%). Global inflation continued to moderate during the six months ended 30 June 2023, in addition to tighter monetary policies of key central banks, the increased demand for safe assets in the context of recent bank run episodes in the international banking sector raises the volatility on financial and commodity markets.

In addition, interventions on the currency market were performed to support the Uzbekistan Soums exchange rate against foreign currencies.

For the purpose of managing the country risk, the Bank controls transactions with counterparties within the limits set, which are reviewed regularly. The Group continues to assess the effect of these events and changes in economic conditions on its operations, financial position, and performance.

The Group also monitors the activities of its Russian subsidiary – JSC Asia-Invest Bank, for any transactions with the financial institutions and entities, upon which sanctions were applied. As at 30 June 2023 (unaudited), the activities of JSC Asia-Invest Bank were not significantly hindered by consequences of the external geopolitical situation and it remained profitable during this period.

As at 30 June 2023 (unaudited), the total assets of JSC Asia-Invest Bank, the largest subsidiary of the Bank located in Russia, comprised 6% of total assets of the Group. JSC 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 JSC Asia-Invest Bank.

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 Group’s operations for the foreseeable future.

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 2023 (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 2022 prepared in accordance with IFRS. There have been no changes to the basis upon which the significant accounting estimates have been determined compared with 31 December 2022.

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. Restatements

In 2023, the Group’s management has revisited disclosure of loans that the Group has issued to other banks and received from other banks as the new presentation is viewed to provide a better understanding of their nature to the users of the financial statements. Loans issued to commercial banks previously disclosed within the “Loans to customers” (Note 10) were reclassified to “Amounts due from credit institutions” (Note 8). Similarly, long-term loans received from banks for project financing previously classified as “Amounts due to credit institutions” (Note 12) were reclassified to “Other borrowed funds” (Note 14) which groups the funds received for project financing with longer maturities.

As a result of the reclassifications and for the purpose of consistency in presentation, the comparative information was revisited. In accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” the above reclassifications were accounted retrospectively.

		31 December 2022		
	Notes	As previously reported	Adjustments	As restated
Amounts due from credit institutions	8	6,528,713	795,739	7,324,452
Loans to customers	10	86,475,664	(795,739)	85,679,925
TOTAL ASSETS		121,277,449	-	121,277,449
Amounts due to credit institutions	12	16,487,592	(541,218)	15,946,374
Other borrowed funds	14	43,286,779	541,218	43,827,997
TOTAL LIABILITIES		104,857,169	-	104,857,169
TOTAL LIABILITIES AND EQUITY		121,277,449	-	121,277,449

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

	Notes	1 January 2022		
		As previously reported	Adjustments	As restated
Amounts due from credit institutions	8	2,680,960	1,206,278	3,887,238
Loans to customers	10	72,089,675	(1,206,278)	70,883,397
TOTAL ASSETS		88,232,213	-	88,232,213
Amounts due to credit institutions	12	3,083,328	(471,006)	2,612,322
Other borrowed funds	14	43,376,477	471,006	43,847,483
TOTAL LIABILITIES		74,736,457	-	74,736,457
TOTAL LIABILITIES AND EQUITY		88,232,213	-	88,232,213

7. Cash and cash equivalents

	30 June 2023 (unaudited)	31 December 2022
Cash on hand	1,200,158	1,412,531
Current accounts with the Central Bank	2,643,886	4,331,284
Current accounts with the other credit institutions	4,254,053	18,080,337
Time deposits with credit institutions up to 90 days	4,961,051	623,464
Total cash and cash equivalents, gross	13,059,148	24,447,616
<i>Less – allowance for impairment</i>	<i>(1,514)</i>	<i>(1,597)</i>
Total cash and cash equivalents	13,057,634	24,446,019

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 2023 (unaudited) is as follows:

	For the six months ended 30 June (unaudited)	
	2023	2022
ECL allowance as at 1 January	1,597	4,787
Changes in ECL	(83)	6,474
At 30 June	1,514	11,261

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

8. Amounts due from credit institutions

	30 June 2023 (unaudited)	31 December 2022 (Restated)	1 January 2022 (Restated)
Time deposits for more than 90 days	9,770,768	6,968,764	3,505,706
Obligatory reserve with the Central Bank	466,221	443,021	423,075
Total Amounts due from credit institutions, gross	10,236,989	7,411,785	3,928,781
<i>Less – allowance for impairment</i>	<i>(104,235)</i>	<i>(87,333)</i>	<i>(41,543)</i>
Total Amounts due from credit institutions	10,132,754	7,324,452	3,887,238

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 2023 (unaudited) is as follows:

	For the six months ended 30 June (unaudited)	
	2023	2022
ECL allowance as at 1 January	87,333	41,543
New assets originated or purchased	54,366	3,340
Assets repaid	(39,197)	(914)
Foreign exchange adjustments	1,733	(397)
At 30 June	104,235	43,572

9. Derivative financial assets

	30 June 2023 (unaudited)		31 December 2022	
	Notional amount	Fair values Asset	Notional amount	Fair values Asset
Foreign exchange contracts				
Swaps – foreign	1,952,903	42,539	529,342	92,385
Total derivative assets	1,952,903	42,539	529,342	92,385

As at 30 June 2023 (unaudited), the Group has positions in the following types of derivative:

In 2021, the Group signed a SWAP agreement with Citibank London and placed USD 50,000,000 at a rate of Federal Funds per annum for 37 months. For the same period, Citibank London provided the Group with the amount of UZS 529,342 million in the equivalent of USD 50,000,000 as other borrowed funds at a rate of 15.65%. Besides this, the Group placed USD 5,000,000 as collateral amount which will be filled periodically when exchange rate change will result in the difference of the value of the swapped amounts to a degree higher than USD 250,000.

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

During the six months ended 30 June 2023 (unaudited), the Group signed a SWAP agreement with J.P. Morgan London and placed RUB 10,000,000,000 at a rate of 11.40% per annum for 24 months. For the same period, J.P. Morgan London provided the Group with the amount of USD 123,915,737 in the equivalent of UZS 1,423,561 million at a rate of 3.90% per annum as amounts due to credit institutions. Besides this, the Group placed USD 5,935,556 as collateral amount which will be adjusted periodically when exchange rate change will result in the difference of the value of the swapped amounts to a degree exceeding USD 250,000. SWAP agreement is classified as financial instrument at fair value through profit and loss.

10. Loans to customers

Loans to customers comprise:

	30 June 2023 (unaudited)	31 December 2022 (Restated)	1 January 2022 (Restated)
Corporate lending			
Private companies	42,587,801	40,063,562	32,247,317
State companies	33,277,711	34,915,043	27,854,502
State budget or local authorities	6,905,096	7,336,086	7,870,202
Gross investment in finance lease	217,293	214,701	829,137
Non-banking financial institutions	138,260	142,944	141,269
Total corporate lending	83,126,161	82,672,336	68,942,427
Loans to individuals			
Mortgage loans	7,892,630	7,465,138	4,602,863
Car loans	1,166,352	1,116,171	914,053
Consumer loans	1,010,547	558,969	438,064
Education loans	215,619	8,514	65,664
Agriculture loans	7,829	163,980	187,502
Total loans to individuals	10,292,977	9,312,772	6,208,146
Gross loans to customers	93,419,138	91,985,108	75,150,573
<i>Less: allowance for impairment</i>	<i>(6,345,396)</i>	<i>(6,305,183)</i>	<i>(4,267,176)</i>
Loans to customers	87,073,742	85,679,925	70,883,397

During the six months ended 30 June 2023 (unaudited), the Group repossessed collateral which included buildings and equipment with a carrying value of UZS 253,863 million obtained from several loans issued to customers that have been impaired. Repossessed collateral is included within other assets.

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

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

30 June 2023 (unaudited)	Stage 1	Stage 2	Stage 3	Total
Private companies	26,541,998	12,605,766	3,440,037	42,587,801
State companies	32,226,963	725,598	325,150	33,277,711
State budget or local authorities	6,841,622	3,469	60,005	6,905,096
Gross investment in finance lease	217,293	-	-	217,293
Non-banking financial institutions	138,260	-	-	138,260
Loans to individuals	9,872,800	171,648	248,529	10,292,977
Gross loans	75,838,936	13,506,481	4,073,721	93,419,138
<i>Less – Allowance for impairment</i>	<i>(2,279,863)</i>	<i>(2,308,977)</i>	<i>(1,756,556)</i>	<i>(6,345,396)</i>
Loans to customers	73,559,073	11,197,504	2,317,165	87,073,742
31 December 2022 (Restated)	Stage 1	Stage 2	Stage 3	Total
Private companies	29,079,955	8,051,283	2,932,324	40,063,562
State companies	33,923,929	761,404	229,710	34,915,043
State budget or local authorities	7,283,326	-	52,760	7,336,086
Gross investment in finance lease	214,701	-	-	214,701
Non-banking financial institutions	142,944	-	-	142,944
Loans to individuals	8,986,203	110,814	215,755	9,312,772
Gross loans	79,631,058	8,923,501	3,430,549	91,985,108
<i>Less – Allowance for impairment</i>	<i>(2,414,411)</i>	<i>(2,454,253)</i>	<i>(1,436,519)</i>	<i>(6,305,183)</i>
Loans to customers	77,216,647	6,469,248	1,994,030	85,679,925
1 January 2022 (Restated)	Stage1	Stage2	Stage3	Total
Private companies	27,472,569	1,892,695	2,882,053	32,247,317
State companies	27,279,278	362,856	212,368	27,854,502
State budget or local authorities	7,870,202	-	-	7,870,202
Gross investment in finance lease	829,137	-	-	829,137
Non-banking financial institutions	141,269	-	-	141,269
Loans to individuals	5,777,064	149,181	281,901	6,208,146
Gross loans	69,369,519	2,404,732	3,376,322	75,150,573
<i>Less - Allowance for impairment</i>	<i>(2,516,121)</i>	<i>(486,825)</i>	<i>(1,264,230)</i>	<i>(4,267,176)</i>
Loans to customers	66,853,398	1,917,907	2,112,092	70,883,397

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

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 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 assets originated or purchased	74,713	-	-	74,713
Assets repaid	(23,294)	(24,451)	(24,638)	(72,383)
Transfers to Stage 1	34,857	(20,635)	(14,222)	-
Transfers to Stage 2	(160,766)	228,377	(67,611)	-
Transfers to Stage 3	(53,089)	(40,857)	93,946	-
Impact on period end ECL of exposures transferred between stages during the period	(52,852)	74,663	162,259	184,070
Net remeasurement of loss allowance	(61,369)	(369,858)	43,393	(387,834)
Foreign exchange adjustments	6,351	(7,627)	1,965	689
As at 30 June 2023 (unaudited)	345,131	2,276,249	1,411,516	4,032,896

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 assets originated or purchased	197,009	-	-	197,009
Assets repaid	(124,193)	(1,140)	(67,215)	(192,548)
Transfers to Stage 1	99	-	(99)	-
Transfers to Stage 2	(6,605)	8,461	(1,856)	-
Transfers to Stage 3	(11,855)	(91)	11,946	-
Impact on period end ECL of exposures transferred between stages during the period	(95)	1,251	148,192	149,348
Net remeasurement of loss allowance	83,672	3,365	3,272	90,309
Foreign exchange adjustments	26,446	155	75	26,676
As at 30 June 2023 (unaudited)	1,796,957	22,257	176,755	1,995,969

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

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	Stage1	Stage2	Stage3	Total
ECL as at 1 January 2023	144,716	-	48,200	192,916
New assets originated or purchased	6,852	-	-	6,852
Assets repaid	(56,724)	-	3,203	(53,521)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(1,546)	1,546	-	-
Transfers to Stage 3	-	-	-	-
Impact on period end ECL of exposures transferred between stages during the period	-	(1,533)	-	(1,533)
Net remeasurement of loss allowance	(31,025)	-	5,569	(25,456)
Foreign exchange adjustments	1,667	-	-	1,667
As at 30 June 2023 (unaudited)	63,940	13	56,972	120,925

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	Stage1	Stage2	Stage3	Total
ECL as at 1 January 2023	12,210	-	-	12,210
Assets repaid	(140)	-	-	(140)
Net remeasurement of loss allowance	137	-	-	137
Foreign exchange adjustments	286	-	-	286
As 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:

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

Non-banking financial institutions	Stage1	Stage2	Stage3	Total
ECL as at 1 January 2023	2,047	-	-	2,047
New assets originated or purchased	1,702	-	-	1,702
Assets repaid	(1,077)	-	-	(1,077)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on period end ECL of exposures transferred between stages during the period	-	-	-	-
Net remeasurement of loss allowance	(17)	-	-	(17)
Foreign exchange adjustments	-	-	-	-
As 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	Stage1	Stage2	Stage3	Total
ECL as at 1 January 2023	42,379	7,360	89,456	139,195
New assets originated or purchased	17,233	-	-	17,233
Assets repaid	(2,860)	(125)	(927)	(3,912)
Transfers to Stage 1	12,493	(4,181)	(8,313)	(1)
Transfers to Stage 2	(945)	4,112	(3,167)	-
Transfers to Stage 3	(434)	(1,630)	2,065	1
Impact on period end ECL of exposures transferred between stages during the period	(11,525)	4,341	15,442	8,258
Net remeasurement of loss allowance	2,346	581	16,757	19,684
Foreign exchange adjustments	-	-	-	-
As at 30 June 2023 (unaudited)	58,687	10,458	111,313	180,458

As at 30 June 2023 (unaudited), the total number of restructured loans was 207 for the total amount of UZS 2,370,185 million.

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

An analysis of changes in the ECL allowances in relation to loans issued to the private companies during the six months ended 30 June 2022 (unaudited) is as follows:

Private companies	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2022	822,386	346,693	1,105,479	2,274,558
New assets originated or purchased	167,986	-	-	167,986
Assets repaid	(21,797)	(1,778)	(65,653)	(89,228)
Transfers to Stage 1	205,798	(87,307)	(118,491)	-
Transfers to Stage 2	(292,773)	333,238	(40,465)	-
Transfers to Stage 3	(23,364)	(45,748)	69,112	-
Impact on period end ECL of exposures transferred between stages during the period	(17,741)	1,208,004	250,493	1,440,756
Net remeasurement of loss allowance	(11,030)	(23,831)	210,438	175,577
Foreign exchange adjustments	(4,260)	(3,618)	(4,813)	(12,691)
At 30 June 2022 (unaudited)	825,205	1,725,653	1,406,100	3,956,958

An analysis of changes in the ECL allowances in relation to loans issued to the state companies during the six months ended 30 June 2022 (unaudited) is as follows:

State companies	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2022	1,419,192	126,966	47,556	1,593,714
New assets originated or purchased	83,039	-	-	83,039
Assets repaid	(2,382)	-	(51)	(2,433)
Transfers to Stage 1	30	-	(30)	-
Transfers to Stage 2	(7,456)	9,022	(1,566)	-
Transfers to Stage 3	(242)	(8)	250	-
Impact on period end ECL of exposures transferred between stages during the period	(29)	(7,637)	2,604	(5,062)
Net remeasurement of loss allowance	(607,722)	(53,663)	132,369	(529,016)
Foreign exchange adjustments	(12,492)	15	(725)	(13,202)
At 30 June 2022 (unaudited)	871,938	74,695	180,407	1,127,040

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

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 2022 (unaudited) is as follows:

State budget or local authorities	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2022	185,510	-	-	185,510
New assets originated or purchased	5,306	-	-	5,306
Transfers to Stage 2	(3,189)	3,189	-	-
Impact on period end ECL of exposures transferred between stages during the	-	(2,918)	-	(2,918)
Net remeasurement of loss allowance	(58,306)	-	-	(58,306)
Foreign exchange adjustments	393	-	-	393
At 30 June 2022 (unaudited)	129,714	271	-	129,985

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 2022 (unaudited) is as follows:

Gross investment in finance lease	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2022	37,490	-	-	37,490
Assets repaid	(78)	-	-	(78)
Net remeasurement of loss allowance	(28,918)	-	-	(28,918)
Foreign exchange adjustments	78	-	-	78
At 30 June 2022 (unaudited)	8,572	-	-	8,572

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 2022 (unaudited) is as follows:

Non-banking financial institutions	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2022	4,491	-	-	4,491
New assets originated or purchased	3,282	-	-	3,282
Assets repaid	(245)	-	-	(245)
Net remeasurement of loss allowance	(2,139)	-	-	(2,139)
At 30 June 2022 (unaudited)	5,389	-	-	5,389

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

An analysis of changes in the ECL allowances in relation to loans to individuals in during the six months ended 30 June 2022 (unaudited) is as follows:

Loans to Individuals	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2022	47,052	13,166	111,195	171,413
New assets originated or	57,638	-	-	57,638
Assets repaid	(1,927)	(411)	(13,239)	(15,577)
Transfers to Stage 1	25,104	(6,646)	(18,458)	-
Transfers to Stage 2	(2,473)	12,418	(9,945)	-
Transfers to Stage 3	(1,959)	(3,656)	5,615	-
Impact on period end ECL of exposures transferred between	(23,005)	525	23,669	1,189
Net remeasurement of loss	633	30	9,954	10,617
At 30 June 2022 (unaudited)	101,063	15,426	108,791	225,280

11. Investment securities

	30 June 2023 (unaudited)	31 December 2022
Debt securities at amortised cost		
State bonds	6,416,274	1,417,650
<i>Less: allowance for impairment</i>	(83,455)	(9,394)
Debt securities at amortised cost	6,332,819	1,408,256
Equity securities at FVOCI		
Corporate shares	225,706	338,503
Equity securities at FVOCI	225,706	338,503
Investment securities	6,558,525	1,746,759

State bonds comprise debt securities issued by the Central Bank of the Republic of Uzbekistan and the Ministry of Economy and Finance of the Republic of Uzbekistan with an original maturity of 2-24 months at a discount.

During the six months ended 30 June 2023 (unaudited), the Group purchased long-term state-bonds issued by the Ministry of Economy and Finance of the Republic of Uzbekistan in the amount of USD 500,000,000 in equivalent of UZS 5,744,061 million in accordance with the Presidential Decree. In addition, the state bonds include Eurobonds issued by the Ministry of Economy and Finance of the Republic of Uzbekistan and JSC Uzbekneftegaz with interest rates 4%-5% and contractual maturity from 2 to 10 years as at 30 June 2023.

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

During the six months ended 30 June 2023 (unaudited), the Group disposed of its share of 3.63% of JSC “Uzmetkombinat” in accordance with the Presidential Decree with a carrying value of UZS 149,329 million.

According to the Decree of the President of the Republic of Uzbekistan No. PD-57 dated 16 February 2023, in order to implement the project, the Group's subsidiary JSC NBU Invest Group acquired investments of LLC “Yashil Energiya” with a share of 19.10% in the total amount of UZS 22,684 million.

All balances of investment securities are allocated to Stage 1.

Debt securities at amortised cost	For the six months ended 30 June (unaudited)	
	2023	2022
ECLs as at 1 January	9,394	2,878
Assets derecognised or matured (excluding write offs)	(3,266)	(2,644)
New assets purchased	77,327	4,646
At 30 June	83,455	4,880

12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2023 (unaudited)	31 December 2022 (Restated)	1 January 2022 (Restated)
Time deposits	14,023,161	9,372,447	2,023,956
Correspondent accounts with other banks	5,728,808	6,573,927	588,366
Amounts due to Credit Institutions	19,751,969	15,946,374	2,612,322

During the six months ended 30 June 2023 (unaudited), single financial institution based in placed short- and long-term deposits up to 2 years for the total amount of UZS 5,044,510 million.

13. Amounts due to customers

The amounts due to customers comprise:

	30 June 2023 (unaudited)	31 December 2022
Current accounts	16,413,869	27,233,551
Term deposits	12,803,295	11,718,301
Amounts due to customers	29,217,164	38,951,852
Held as security against letters of credit	584,888	1,383,807

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

As at 30 June 2023 (unaudited) and 31 December 2022, customer accounts in the amount of UZS 22,090,946 million and UZS 24,499,111 million (76% and 62.9% of total customer accounts), respectively, were due to ten customers, which represents a significant concentration. During the six months ended 30 June 2023 (unaudited), the current accounts decreased by UZS 12,589,265 million due to withdrawal of funds by single customer.

14. Other borrowed funds

	30 June 2023 (unaudited)	31 December 2022 (Restated)	1 January 2022 (Restated)
China Development Bank Corporation	10,369,720	8,215,128	8,704,599
Eximbank of China	9,828,166	10,439,226	11,149,236
Ministry of Economy and Finance of the Republic of Uzbekistan	5,162,397	5,072,262	4,683,455
Gazprombank JSC	4,116,811	3,972,689	106,470
Fund for Reconstruction and Development of the Republic of Uzbekistan	2,946,937	3,007,179	3,467,706
Silk Road Fund	2,261,099	2,297,440	2,420,575
"International Development Projects" LLC	2,248,072	2,340,949	-
Credit Suisse AG	1,908,034	2,114,922	1,223,872
Deutsche Bank AG	1,707,399	1,272,281	1,475,310
Natixis Bank	1,056,294	1,265,612	1,671,881
Eximbank of Korea	885,906	416,745	656,938
Sumitomo Mitsui Banking Corporation	734,472	853,807	1,145,244
Landesbank Baden-Wuerttemberg	558,855	584,572	595,009
Citibank N.A. New York	456,347	-	-
Commerzbank AG	309,207	238,516	170,129
Agency for the Promotion of Export under the MIIT of the Republic of Uzbekistan	244,329	87,034	31,580
Islamic Development Bank	199,750	195,183	753,761
Baobab Securities Limited	192,162	192,257	288,321
Fund for Supporting Youth Entrepreneurship	134,868	113,025	43,192
Asian Infrastructure Investment Bank	127,353	124,413	-
KEB Hana Bank	117,364	123,108	147,905
Raiffeisen Bank International AG	65,744	71,270	91,023
European Bank for Reconstruction and Development	64,384	128,099	380,527
Eximbank of Turkey	60,739	66,125	81,335
State Development Corporation "VEB.RF"*	-	-	2,381,773
VTB Bank (Europe) *	-	-	1,416,630
Eximbank of Russia*	-	-	184,330
Other	609,438	636,155	576,682
Other borrowed funds	46,365,847	43,827,997	43,847,483

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

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

- The Group entered into a new loan agreement with China Development Bank Corporation in May 2023 with a total commitment of CNY 1,180,136,158 (the equivalent of UZS 1,889,681 million) with the tenor of 10 years, including 12 months grace period. The loan was borrowed to purchase Public Transport Buses. In addition to this, the Group received total amount of CNY 500,000,000 (the equivalent of UZS 838,145 million) under the existing loan agreements.
- The Group entered into a new loan agreement with Deutsche Bank AG in May 2023 with a total commitment of EUR 200,000,000 but was disbursed EUR 130,000,000 (the equivalent of UZS 1,631,387 million) with the tenor of 3 years. The purpose of the loan agreement is to finance various trade-related projects.
- During the six months ended 30 June 2023, the Group received additional funds under the existing loan agreement with the Export-Import Bank of Korea signed in April 2022 with a total amount of USD 49,966,658 (the equivalent of UZS 567,968 million) with the tenor of 5 years. The loan was borrowed to finance export of the goods and services and to facilitate and promote exports from Korea.

During the six months ended 30 June 2023 (unaudited), the Group repaid loans in the total amount of UZS 7,219,899 million and continues to proactively collaborate with the above-mentioned borrowers.

* As at 31 December 2022, the assignment of rights by some lenders of the Group on due payments was carried out in accordance with the terms and conditions of relevant credit/facility agreements caused by restrictive measures are imposed on the lender by the United States, the EU or any regional, national or international body, particularly:

- Eximbank of Russia and State Development Corporation "VEB.RF" to "International Development Projects" LLC;
- VTB Bank (Europe) to "Oesterreichische Kontrollbank AG".

As at 31 December 2022, the Group managed to repay in full all its obligations to “Oesterreichische Kontrollbank AG”.

As at 30 June 2023 (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.

15. Equity

At the Shareholders’ meeting in May 2023, the Group declared dividends in respect to the results of 2022 in the amount of UZS 1,302,928 million on ordinary shares, from which UZS 1,183,167 million was capitalized to Share Capital proportionally to each shareholder, UZS 54,805 million was allocated for payout, and the remaining UZS 65,157 million was allocated to tax on dividends.

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

16. Net interest income

	For the six months ended 30 June (unaudited)	
	2023	2022
Loans to customers	4,407,143	3,055,100
Investment securities	850,437	52,613
Cash and cash equivalents	86,429	-
Amounts due from credit institutions	20,732	544,146
Other interest income	361	2,545
Total interest income	5,365,102	3,654,404
Other borrowed funds	(1,224,682)	(673,068)
Amounts due to customers	(708,794)	(536,407)
Amounts due to credit institutions	(289,783)	(153,916)
Debt securities issued	(84,025)	(84,319)
Subordinated loans	(39,199)	(18,647)
Total interest expense	(2,346,483)	(1,466,357)
Net interest income	3,018,619	2,188,047

17. Credit loss expense

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

	Note	30 June 2023 (unaudited)			Total
		Stage 1	Stage 2	Stage 3	
Cash and cash equivalents	7	(83)	-	-	(83)
Amounts due from credit institutions	8	16,902	-	-	16,902
Loans to customers	10	(169,298)	(137,804)	317,996	10,894
Investment securities	11	74,061	-	-	74,061
Other assets		67,417	-	-	67,417
Financial guarantees	21	(16,379)	-	-	(16,379)
Loan commitments	21	(15,253)	-	-	(15,253)
Letters of credit	21	75,552	-	-	75,552
Total credit loss expense		32,919	(137,804)	317,996	213,111

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

The table below shows the ECL charges on financial instruments recorded in the consolidated statement of profit or loss for the six months period ended 30 June 2022 (unaudited):

	Note	30 June 2022 (unaudited)			Total
		Stage 1	Stage 2	Stage 3	
Cash and cash equivalents	7	6,474	-	-	6,474
Amounts due from credit institutions	8	2,029	-	-	2,029
Loans to customers	10	(557,959)	1,332,824	436,606	1,211,471
Investment securities	11	2,002	-	-	2,002
Other assets		(1,423)	-	-	(1,423)
Financial guarantees	21	19,299	-	-	19,299
Loan commitments	21	20,865	-	-	20,865
Letters of credit	21	(14,933)	-	-	(14,933)
Total credit loss expense		(523,646)	1,332,824	436,606	1,245,784

18. Net fee and commission income

	For the six months ended 30 June (unaudited)	
	2023	2022
Settlement operations	128,238	112,422
Cash operations	54,414	39,151
Foreign Settlement operations	47,079	36,425
Operations with plastic cards	27,322	21,773
Letter of credit and guarantee issuance	24,581	19,853
Foreign currency exchange operations	18,042	956
Other	32,647	10,542
Fee and commission income	332,323	241,122
Operations with plastic cards	(27,119)	(25,051)
Settlement expenses	(24,869)	(14,000)
Cash collection services	(10,336)	(7,817)
Conversion expenses	(3,638)	(3,220)
Other	(10,571)	(4,582)
Fee and commission expense	(76,533)	(54,670)
Net fee and commission income	255,790	186,452

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

19. Net dealing gains from foreign currencies

The increase in net dealing gains from foreign currencies during the six months ended 30 June 2022 (unaudited) was primarily attributed to heightened market volatility, driven by the external geopolitical situation. This increased market volatility, in turn, led to more profitable arbitrage transactions. Subsequently, as market volatility decreased, demand for arbitrage transactions decreased as well, ultimately resulting in the reduction of net dealing gains from foreign currencies as at 30 June 2023 (unaudited).

20. Personnel and other operating expenses

	For the six months ended 30 June (unaudited)	
	2023	2022
Salaries and bonuses	461,118	363,088
Social security costs	50,587	41,309
Personnel expenses	511,705	404,397
Depreciation and amortization	100,128	76,966
Maintenance	74,457	20,122
Legal and consultancy	49,086	47,019
Membership fee	40,985	29,874
Security	40,946	34,768
Charity and Sponsorship	20,265	14,790
Operating taxes	19,902	16,411
Office supplies	10,779	9,060
Communications	10,175	4,297
Occupancy and rent	9,587	11,168
Business travel and related expenses	4,110	647
Transportation	2,053	1,944
Other	9,999	26,336
Other operating expenses	392,472	293,402
Total personal and other operating expenses	904,177	697,799

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

21. Taxation

	For the six months ended	
	30 June (unaudited)	
	2023	2022
Current income tax	460,277	425,252
Deferred tax charge/(credit) - origination and reversal of temporary differences	154,558	131,707
Income tax expense	614,835	556,959

22. Commitments and contingencies

Legal

In the ordinary course of business, the Group is subject to legal actions and complaints. As at 30 June 2023 (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 6,319 million and UZS 12,637 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 2023 (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.

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

Group’s commitments and contingencies comprised the following:

	30 June 2023 (unaudited)	31 December 2022
Credit related commitments		
Undrawn loan commitments	5,114,100	7,130,144
Letters of credit	3,346,256	2,771,414
Financial guarantees	1,722,418	1,775,335
	10,182,774	11,676,893
Other commitments		
Performance guarantees	664,441	524,730
	664,441	524,730
Commitments and contingencies	10,847,215	12,201,623
Provision for ECL for credit related commitments	(237,023)	(193,104)
Deposits held as securities against letters of credit	(584,888)	(1,383,807)

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 2023 (unaudited) is as follows:

	For the six months ended 30 June (unaudited)	
	2023	2022
Undrawn loan commitments		
ECL allowance as at 1 January	78,272	47,945
New exposures	45,536	56,615
Amounts paid	(14,078)	(27,323)
Changes to models and inputs used for ECL calculations	(46,711)	(8,427)
At 30 June	63,019	68,810
	For the six months ended 30 June (unaudited)	
	2023	2022
Letters of credit		
ECL allowance as at 1 January	13,951	46,308
New exposures	82,417	25,485
Amounts paid	(2,362)	(38,287)
Changes to models and inputs used for ECL calculations	(4,503)	(2,131)
At 30 June	89,503	31,375

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

<i>Financial guarantees</i>	For the six months ended 30 June (unaudited)	
	2023	2022
ECL allowance as at 1 January	100,881	58,801
New exposures	3,397	36,976
Amounts paid	(1,345)	(19,713)
Changes to models and inputs used for ECL calculations	(18,431)	2,036
At 30 June	84,502	78,100

23. 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 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:

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

	Fair value as at 30 June 2023 (unaudited)	Fair value as at 31 December 2022	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)	225,706	338,503	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	42,539	92,385	Level 3	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:

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

	30 June 2023 (unaudited)				31 December 2022 (Restated)			
	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	-	87,479,014	87,479,014	87,073,742	-	85,797,293	85,797,293	85,679,925
Amounts due from credit institutions	-	10,160,095	10,160,095	10,132,754	-	7,339,360	7,339,360	7,324,452
Investment securities	6,252,306	-	6,252,306	6,558,525	1,390,576	-	1,390,576	1,746,759
Amounts due to credit institutions	-	19,653,612	19,653,612	19,751,969	-	15,866,967	15,866,967	15,946,374
Other borrowed funds	-	42,345,805	42,345,805	46,365,847	-	39,757,765	39,757,765	43,827,997

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 2023 (unaudited) and 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, 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.

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

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 Agency for Strategic Reforms under the President of the Republic of Uzbekistan controls over 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 and are excluded from the consolidated financial statements.

As at the end of the reporting period, corporate income tax (Note 21) and expenses for other taxes are accrued and paid to the Government controlled entities.

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

	30 June 2023 (unaudited)					31 December 2022 (Restated)				
	Shareholder	Government controlled entities	Associates	Key management personnel	Total category as per financial statement caption	Shareholder	Government controlled entities	Associates	Key management personnel	Total category as per financial statement caption
Cash and cash equivalents	-	2,434,595	-	-	13,057,634	-	4,331,284	-	-	24,446,019
Amounts due from credit institutions	-	5,071,559	-	-	10,132,754	-	4,250,479	-	-	7,324,452
Loans to customers	-	40,016,923	6,043,949	335	93,419,138	-	36,106,222	3,633,641	680	91,985,108
<i>Allowance for impairment - Loans to customers</i>	-	(1,918,091)	(2,118,415)	(2)	(6,345,396)	-	(1,646,802)	(2,459,504)	(3)	(6,305,183)
Investment securities	-	6,428,006	-	-	6,558,525	-	1,592,770	-	-	1,746,759
Amounts due to the CBU	-	(248,060)	-	-	(248,060)	-	(725,946)	-	-	(725,946)
Amounts due to credit institutions	-	(3,916,996)	-	-	(19,751,969)	-	(4,431,086)	-	-	(15,946,374)
Amounts due to customers	-	(13,487,697)	(69,934)	(143)	(29,217,164)	(45,598)	(10,958,552)	(88,127)	2	(38,951,852)
Other borrowed funds	(2,946,937)	(5,964,608)	-	-	(46,365,847)	(3,007,179)	(5,786,245)	-	-	(43,827,997)
Subordinated loans	-	(1,684,753)	-	-	(1,684,753)	-	(1,648,202)	-	-	(1,648,202)
Debt securities issued	-	(10,021)	-	-	(3,397,293)	-	(1,900)	-	-	(3,409,313)
Dividends payable	-	(54,805)	-	-	(54,805)	-	-	-	-	-
Guarantees	-	(1,720,640)	-	-	(2,386,859)	-	(2,300,064)	-	-	(2,300,065)
Letters of credit	-	(2,246,563)	(638)	-	(3,346,256)	-	(2,771,414)	-	-	(2,771,414)

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

	30 June 2023 (unaudited)					30 June 2022 (unaudited)				
	Shareholder	Government controlled entities	Associates	Key management personnel	Total category as per financial statement caption	Shareholder	Government controlled entities	Associates	Key management personnel	Total category as per financial statement caption
Interest income on loans to customers	-	1,471,148	160,295	3	4,407,143	-	941,503	123,788	-	3,055,100
Impairment charge for loans to customers	-	(175,873)	(245,635)	(1)	(213,111)	-	513,630	(1,241,685)	-	(1,245,784)
Interest expense on amounts due to customers	-	(252,254)	-	-	(708,794)	-	(284,632)	(488)	-	(536,407)
Interest expense on other borrowed funds	(55,927)	(101,376)	-	-	(1,224,682)	(29,242)	(22,881)	-	-	(673,068)
Fee and commission income	-	79,298	41,899	-	332,323	-	36,447	36,991	-	241,122
Fee and commission expense	-	(21,617)	-	-	(76,533)	(80)	(6,595)	(19)	-	(54,670)
Personnel and other operating expense:	-	-	-	(3,564)	(461,118)	-	-	-	(3,072)	(363,088)
Salaries and bonuses	-	-	-	(428)	(50,587)	-	-	-	(369)	(41,309)
Social security costs	-	-	-	-	-	-	-	-	-	-

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

25. Subsidiaries

30 June 2023 (unaudited)					
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	96%
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	2020	Office maintenance	100%
Zomin Ropeway LLC	Tashkent	Uzbekistan	2020	Service	100%
Zominsoy Development Invest LLC	Tashkent	Uzbekistan	2021	Service	100%
Suffa Spa LLC	Jizzakh	Uzbekistan	2022	Service	100%
Royal Silk LLC	Andijan	Uzbekistan	2020	Textile	100%
Suffa Shale LLC	Djizzakh	Uzbekistan	2023	Service	100%
31 December 2022					
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	96%
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	2020	Office maintenance	100%
Zomin Ropeway LLC	Tashkent	Uzbekistan	2020	Service	100%
Zominsoy Development Invest LLC	Tashkent	Uzbekistan	2021	Service	100%
Suffa Spa LLC	Jizzakh	Uzbekistan	2022	Service	100%
Royal Silk LLC	Andijan	Uzbekistan	2020	Textile	100%

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 2023 (unaudited) (Continued)

(in millions of Uzbekistan Soums, unless otherwise indicated)

In accordance with the resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 6 March 2023, the Group was instructed to carry out a project on the construction of houses (cottages) in the “Shale” style. In order to implement this project, the subsidiary investment company JSC NBU Invest Group has established the company Suffa Shale LLC, with a share capital in the amount of UZS 20,000 million.

26. Subsequent events

On 18 August 2023, in accordance with the Presidential Decree No. PD-283, 5,871,646,831 of ordinary shares, or 40.72% of the total ordinary shares of the Agency for Strategic Reforms under the President of the Republic of Uzbekistan were transferred back to the Ministry of Economy and Finance of the Republic of Uzbekistan.