

**PRIVATE JOINT STOCK COMMERCIAL BANK
“ORIENT FINANS” AND ITS SUBSIDIARY**

**Consolidated financial statements and
independent auditor’s report**

For the year ended 31 December 2023

Independent auditor's report

To the Shareholders and Supervisory Board of Private Joint Stock Commercial Bank "Orient Finans"

Opinion

We have audited the consolidated financial statements of Private Joint Stock Commercial Bank "Orient Finans" and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p><i>Expected credit losses on loans to customers</i></p> <p>Assessment of expected credit losses ("ECL") on loans to customers based on the requirements of IFRS 9 Financial Instruments ("IFRS 9") is a key area of management's judgment.</p> <p>The assessment of events that cause a significant increase in credit risk, the determination of probability of default, the distribution of assets into three stages of impairment, and the analysis of the criteria for transition between stages involve significant professional judgment and use of assumptions.</p> <p>The calculation of the ECL involves the use of estimation methods with unobservable inputs, including the determination of the probability of default, the exposure at default and loss given default on the basis of available historical data, adjusted for forecast information, including forecast macroeconomic parameters.</p> <p>The use of different models and assumptions can lead to significantly different estimates of the provision for ECL for loans to customers. Due to the significance of the carrying amount of loans to customers for the Group's consolidated financial position, as well as the complexities and judgments associated with the assessment of the ECL, we considered this area a key audit matter.</p> <p>Information on the provision for ECL and the management's approach to assessing the provision and managing credit risk are disclosed in Notes 7 and 26 to the consolidated financial statements.</p>	<p>Our audit procedures included evaluating the methodology developed by the Group for calculating ECL on loans to customers, testing controls over the customer lending process, including testing controls on accounting for overdue debts, procedures for assessing events that cause a significant increase in credit risk for borrowers based on internal classification, and procedures for calculating the provision for ECL. We have analysed the consistency of judgments used by the Group's management in calculating the provision for ECL.</p> <p>For allowance calculated on a portfolio basis, we evaluated the underlying models, key inputs and assumptions used by the Group to calculate the ECL, as well as the allocation of loans to the stages. We assessed the reasonableness of the management's judgement in relation to the determination of whether significant increase in credit risk has occurred on an individual basis. For the selected credit impaired loans, we have checked the estimation of the expected cash flows from the sale of collateral and cash repayment. We recalculated the provision for ECL.</p> <p>We also evaluated the disclosures in the notes to the consolidated financial statements on the provision for ECL on loans to customers.</p>

Responsibilities of management and the Supervisory Board for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on findings from procedures performed in accordance with the requirements of Law No. ZRU-580 dated 5 November 2019 On Banks and Banking Activity

Management is responsible for the Group's compliance with prudential ratios and for maintaining internal controls and organizing risk management systems in accordance with the requirements established by the Central Bank of the Republic of Uzbekistan.

In accordance with Article 74 of Law No. ZRU-580 dated 5 November 2019 *On Banks and Banking Activity* (the "Law"), we have performed procedures to determine:

- whether as at 31 December 2023 the Group complied with prudential ratios established by the Central Bank of the Republic of Uzbekistan;
- whether the elements of the Group's internal control and organization of its risk management systems comply with the requirements established by the Central Bank of the Republic of Uzbekistan.

These procedures were selected based on our judgment, and were limited to the analysis, inspection of documents, comparison of the Group's internal policies, procedures and methodologies with the applicable requirements established by the Central Bank of the Republic of Uzbekistan, and recalculations, comparisons and reconciliations of numerical data and other information.

Our findings from the procedures performed are reported below.

Based on our procedures with respect to the Group's compliance with the prudential ratios established by the Central Bank of the Republic of Uzbekistan, we found that the Group's prudential ratios, as at 31 December 2023, were within the limits established by the Central Bank of the Republic of Uzbekistan.

We have not performed any procedures on the accounting records maintained by the Group, other than those which we considered necessary to enable us to express an opinion as to whether the Group's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS.

Based on our procedures with respect to the compliance of the elements of the Group's internal control and organization of its risk management systems with the requirements established by the Central Bank of the Republic of Uzbekistan, we found that:

- as at 31 December 2023, the Group's internal audit function was subordinated to, and reported to, the Supervisory Board, and the risk management function was not subordinated to, and did not report to, divisions taking relevant risks;
- the frequency of reports prepared by the Group's internal audit function during 2023 was in compliance with the requirements of the Central Bank of the Republic of Uzbekistan. The reports were approved by the Supervisory Board and included observations made by the Group's internal audit function in respect of internal control systems;
- as at 31 December 2023, the Group established Information security function, and the information security policy was approved by the Group's management board. Information security function was subordinated to and reported directly to the Chairman of the management board;
- reports by the Group's Information security function to the Chairman of the management board during 2023 included assessment and analysis of information security risks, and results of actions to manage such risks;
- the Group's internal documentation, effective on 31 December 2023, establishing the procedures and methodologies for identifying and managing credit risk, market risk, liquidity risk, operational risk, country risk, legal risk, reputational risk, fraud risk (hereinafter "significant risks"), and for stress-testing, was approved by the authorised management bodies of the Group;
- as at 31 December 2023, the Group maintained a system for reporting on the Group's significant risks, and on the Group's capital;
- the frequency of reports prepared by the Group's risk management and internal audit functions during 2023, which cover the Group's significant risks management, was in compliance with the Group's internal documentation. The reports included observations made by the Group's risk management and internal audit functions as to their assessment of the Group's significant risks and risk management system, and recommendations for improvement;
- as at 31 December 2023, the Supervisory Board and Executive Management of the Group had responsibility for monitoring the Group's compliance with the risk limits and capital adequacy ratios established in the Group's internal documentation. In order to monitor the effectiveness of the Group's risk management procedures and their consistent application during 2023, the Supervisory Board and executive management bodies of the Group periodically discussed the reports prepared by the risk management and internal audit functions, and considered the proposed corrective actions.

Procedures with respect to elements of the Group's internal control and organization of its risk management systems were performed solely for the purpose of examining whether these elements, as prescribed in the Law and as described above, comply with the requirements established by the Central Bank of the Republic of Uzbekistan.

The partner in charge of the audit resulting in this independent auditor's report is Anvarkhon Azamov.

Tashkent, Uzbekistan

23 May 2024

FE Audit Organization "Ernst & Young" LLC

FE Audit Organization "Ernst & Young" LLC
Certificate authorizing audit of banks registered
by the Central Bank of the Republic of Uzbekistan
Under #11 dated 22 July 2019

A. Azamov

Anvarkhon Azamov
Qualified auditor
Auditor qualification certificate authorizing audit
of banks #25 dated 29 March 2023 issued by the
Central Bank of the Republic of Uzbekistan
Head of Uzbekistan practice
FE Audit Organization "Ernst & Young" LLC

Consolidated statement of financial position

As at 31 December 2023

(in millions of Uzbekistan Soums)

	Notes	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents	5	3,659,675	5,547,537
Due from other banks	6	495,580	174,416
Loans to customers	7	8,467,685	5,119,525
Premises, equipment and intangible assets	8	347,262	298,364
Financial assets at fair value through other comprehensive income	9	18,676	19,624
Current income tax prepayment		7,532	-
Deferred income tax asset	20	-	9,089
Other assets	10	65,783	71,846
Total assets		13,062,193	11,240,401
Liabilities			
Due to other banks	11	1,287,921	2,286,305
Customer accounts	12	9,019,155	6,912,483
Other borrowed funds	13	393,954	317,840
Deferred income tax liabilities		9,513	-
Current income tax liabilities		-	4,871
Other liabilities	14	31,342	22,859
Total liabilities		10,741,885	9,544,358
Equity			
Share capital	16	1,470,464	1,105,789
Share premium	16	2,105	2,105
Retained earnings		837,141	576,793
Revaluation reserve of financial assets measured at FVTOCI		10,598	11,356
Total equity		2,320,308	1,696,043
Total liabilities and equity		13,062,193	11,240,401

On behalf of the Management Board

Djunaydullaev Tokhir Fakhriiddinovich

Chairman of the Management Board

Rakhimov Dilshod Tulkinovich

Chief Accountant

23 May 2024
Tashkent, Uzbekistan

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

(in millions of Uzbekistan Soums)

	<i>Notes</i>	2023	2022
Interest revenue calculated using effective interest rate	17	1,134,046	747,275
Other interest revenue	17	11,829	5,331
Interest expense	17	<u>(310,067)</u>	<u>(181,818)</u>
Net interest income before provision for expected credit loss on loans to customers		835,808	570,788
Impairment losses on loans to customers	26	<u>(3,045)</u>	<u>(20,698)</u>
Net interest income after provision for expected credit loss		832,763	550,090
Fee and commission income	18	311,985	240,146
Fee and commission expense	18	(124,902)	(77,791)
Net loss from foreign exchange translation		(4,297)	(5,528)
Net gain from trading in foreign currencies		179,423	111,557
Other operating income		9,234	5,883
Administrative and other operating expenses	19	(317,714)	(240,756)
Impairment losses on other financial instruments	11,23,26	<u>(12,830)</u>	<u>(2,864)</u>
Profit before tax		873,662	580,737
Income tax expense	20	<u>(184,455)</u>	<u>(120,988)</u>
Profit for the year		689,207	459,749
Items that will not be reclassified subsequently to profit or loss			
Fair value (loss)/gain on financial assets at FVTOCI		(948)	2,432
Income tax relating to items that will not be reclassified subsequently to profit or loss		190	(486)
Total other comprehensive (loss)/income for the year		(758)	1,946
Total comprehensive income for the year		688,449	461,695
Basis and diluted earnings per ordinary share (expressed in UZS per share)	21	586	391

On behalf of the Management Board

Djunaydullaev Tokhir Fakhriiddinovich

Chairman of the Management Board

Rakhimov Dilshod Tulkinovich

Chief Accountant

23 May 2024
Tashkent, Uzbekistan

The notes on pages 6-49 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2023

(in millions of Uzbekistan Soums)

	Note	Share capital	Share premium	Retained earnings	Revaluation reserve of financial assets measured at FVTOCI	Total
Balance at 31 December 2021		903,426	2,105	371,383	9,410	1,286,324
Profit for the year		-	-	459,749	-	459,749
Other comprehensive income for the year, net of income tax		-	-	-	1,946	1,946
Total comprehensive income for the year		-	-	459,749	1,946	461,695
Dividends directed for share capital increase		202,363	-	(202,363)	-	-
Dividends to shareholders of the Bank		-	-	(51,976)	-	(51,976)
Balance at 31 December 2022		1,105,789	2,105	576,793	11,356	1,696,043
Profit for the year		-	-	689,207	-	689,207
Other comprehensive loss for the year, net of income tax		-	-	-	(758)	(758)
Total comprehensive income for the year		-	-	689,207	(758)	688,449
Dividends directed for share capital increase	16	364,675	-	(364,675)	-	-
Dividends to shareholders of the Bank	16	-	-	(64,184)	-	(64,184)
Balance at 31 December 2023		1,470,464	2,105	837,141	10,598	2,320,308

On behalf of the Management Board:

Djunaydullaev Tokhir Fakhriiddinovich

Chairman of the Management Board

23 May 2024

Tashkent, Uzbekistan

Rakhimov Dilshod Tulkinovich

Chief Accountant

The notes on pages 6-49 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2023

(in millions of Uzbekistan Soums)

	Notes	2023	2022
Cash flows from operating activities			
Interest received		1,118,375	736,507
Interest paid		(287,761)	(173,255)
Fee and commission received		313,839	241,888
Fee and commission paid		(124,902)	(77,791)
Income received from trading in foreign currencies		179,423	111,557
Other operating income received		6,532	4,052
Staff costs paid		(135,539)	(101,400)
Administrative and other operating expenses paid		(139,136)	(104,479)
Income tax paid		(178,066)	(114,359)
Cash flows from operating activity before changes in operating assets and liabilities		752,771	522,720
Changes in operating assets and liabilities			
<i>Net (increase)/decrease in:</i>			
- due from other banks		(283,540)	(62,549)
- loans to customers		(3,062,765)	(1,390,573)
- other assets		1,995	(12,235)
<i>Net increase/(decrease) in:</i>			
- due to other banks		(1,123,385)	1,528,221
- customer accounts		1,795,337	3,353,520
- other liabilities		5,169	3,660
Net cash (used in)/from operating activities		(1,914,418)	3,942,764

On behalf of the Management Board

Djunaydullaev Tokhir Fakhriiddinovich

Chairman of the Management Board

Rakhimov Dilshod Tulkinovich

Chief Accountant


23 May 2024
Tashkent, Uzbekistan

Consolidated statement of cash flows (continued)

(in millions of Uzbekistan Soums)

	<i>Notes</i>	2023	2022
Cash flows from investing activities			
Acquisition of premises, equipment and intangible assets		(100,818)	(128,536)
Proceeds from sale of premises and equipment		270	4,004
Dividend income received		2,696	1,831
Net cash used in investing activities		(97,852)	(122,701)
Cash flows from financing activities			
Proceeds from other borrowed funds	15	179,899	237,905
Repayment of other borrowed funds	15	(137,841)	(205,563)
Dividends paid to shareholders of the Bank	16	(64,184)	(51,976)
Net cash used in financing activities		(22,126)	(19,634)
Effect of exchange rate changes on cash and cash equivalents		157,666	35,737
Effect of expected credit loss	5	(11,132)	(231)
Net (decrease)/increase in cash and cash equivalents		(1,887,862)	3,835,935
Cash and cash equivalents at the beginning of the year	5	5,547,537	1,711,602
Cash and cash equivalents at the end of the year	5	3,659,675	5,547,537

On behalf of the Management Board


Djunaydullaev Tokhir Fakhriiddinovich

Chairman of the Management Board


Rakhimov Dilshod Tulkinovich

Chief Accountant

23 May 2024
Tashkent, Uzbekistan