DAVR BANK

PRIVATE JOINT-STOCK COMMERCIAL BANK «DAVR BANK»

Financial statements for the year ended 31 December 2024
and Independent auditor's report
(Translated from Russian language)

Content

Grant Thornton

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Independent Auditor's opinion

To the shareholders and Supervisory Board of PJSCB «DAVR BANK»

Opinion

We have audited the financial statements of Private Joint-Stock Commercial bank "Davr Bank" (hereinafter referred to as the "Bank"), which consist of the statement of financial position as at 31 December 2024 and the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date and the notes to the financial statements, including a summary of key accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Bank as of 31 December 2024, as well as its financial results and cash flows for the year ended on that date, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these standards are described further in the section " Auditor's responsibility for auditing consolidated financial statements" of our opinion. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the schedule in the Code of Ethics of Professional Accountants of the International Ethics Standards Board for Accountants (PAIESB Code) and ethical requirements applicable to our audit of the financial statements in the Republic of Uzbekistan, and we have fulfilled our ethical responsibilities in accordance with these requirements. 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 matters that, in our professional judgment, were the most significant for our audit of the financial statements for the current period. These issues were considered in the context of our audit of the financial statements as a whole and in the formation of our opinion on these statements, and we do not express a separate opinion on these issues.

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An instinct for growth

Key audit matters	*What audit procedures were performed regarding the key audit matter*
Provision for credit losses on loans to customers, as well as on credit related commitments	
Due to the materiality of the provision for impairment of loans and advances to customers and credit related liabilities for the financial position of the Bank, as well as due to the complexity and necessity to apply judgments in estimating expected credit losses in accordance with the new IFRS 9 Financial Instruments This issue is one of the key audit questions. The calculation of expected credit losses includes valuation techniques that use significant unobservable input data and factors, such as internal credit ratings, as well as comprehensive statistical modeling and expert judgment. These methods are used to determine the probability of default based on available historical data and external information. Information on the provision for expected credit losses in respect of loans and advances to customers, as well as credit-related commitments presented in Notes 8 and 29 to the consolidated financial statements.	In the process of our audit, we paid special attention to the following: assessment of credit risk models and assumptions used to determine key parameters for provisioning and expected credit losses on a portfolio; assessment of management's judgments regarding the identification of a significant increase of credit risk on both of an individual and portfolio basis. We evaluated the rationality of the credit risk factors and the thresholds chosen by management to determine a significant increase in credit risk on both of an individual and portfolio basis. When testing the impairment calculated on a portfolio basis, we analyzed the underlying statistical models, key input data and assumptions, as well as forward-looking information used to calculate expected credit losses. We reviewed the results of a Bank that was subsequently tested on the models used for IFRS 9.

Responsibility of the Management and Those Charged with Corporate Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with IFRS and for such internal control system as management determines is necessary to enable the preparation of financial statements that is free from material misstatements, due to fraud or errors.

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

The management and those charged with governance are responsible for overseeing the preparation of the financial statements of the Bank.

Auditor's responsibility for auditing financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or on aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing, we apply professional judgment to retain professional skepticism throughout the audit. In addition, we perform the following:

- identify and assess the risks of material misstatement of financial statements due to fraud or error; develop and conduct audit procedures in response to these risks; we obtain audit evidence that is sufficient and appropriate to serve as a basis for expressing our opinion. The risk of non-detection of material as a result of unfair acts is higher than the risk of not detecting a significant distortion as a result of an error, since unfair acts may include conspiracy, fraud, intentional omission, misrepresentation of information or actions bypassing the internal control system;
- get an understanding of the internal control system that is relevant to the audit, in order to develop audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control system;
- assess the proper nature of the accounting policies applied and the reasonableness of accounting estimates and the corresponding disclosure of information prepared by management;
- make a conclusion about the legitimacy of management's use of the assumption of business continuity, and on the basis of the obtained audit evidence - the conclusion whether there is a significant uncertainty in connection with events or conditions that may raise significant doubts in the ability of the Bank to continue its business continuously. If we conclude that there is significant uncertainty, we must draw attention to our disclosure in the financial statements, or, if such disclosure is inappropriate, modify our opinion. Our conclusions are based on the audit evidence received before the date of our audit report. However, future events or conditions may lead to the Bank losing the ability to continue its business continuously;
- assess the presentation of the financial statements in general, its structure and content, including disclosure of information, as well as whether the financial statements present the underlying operations and events in a manner that ensures their reliable representation;
- obtain sufficient appropriate audit evidence relating to the financial information of the organization or activities within the Bank in order to express an opinion on the consolidated financial statements. We are responsible for the management, control and conduct of the Bank's audit. We remain fully responsible for our audit opinion.

We collaborate with people responsible for corporate governance, including, among other things, information on the planned scope and timing of the audit, as well as significant comments on the audit results, including significant deficiencies in the internal control system that we identify in the course of the audit.

We also provide the Management and those responsible for corporate governance with a statement that we have complied with all relevant ethical requirements regarding independence and informed these individuals about all relationships and other issues that can reasonably be considered to affect the independence of the auditor. And if it is required - on appropriate precautions.

From those questions that we brought to the attention of the Management and to those responsible for corporate governance, we identify issues that were most essential to the audit of the consolidated financial statements for the current period and, therefore, are considered as key audit issues. We describe these issues in our audit report, except when public disclosure of information on these matters is prohibited by law or regulation. In extremely rare cases, we conclude that information on any matter should not be communicated in our report, since it can be reasonably assumed that the negative consequences of communicating such information will exceed the socially significant benefits.

Report on the Results of the Audit in Accordance with the Requirements of the Law of the Republic of Uzbekistan No. LRU-580 "On Banks and Banking Activities" dated November 5, 2019.

The Bank's management is responsible for the Bank's compliance with the prudential regulations established by the Central Bank of the Republic of Uzbekistan, as well as for ensuring that the Bank's internal control and risk management systems are organized in accordance with the requirements set by the Central Bank of the Republic of Uzbekistan.

In accordance with Article 74 of the Law of the Republic of Uzbekistan No. LRU-580 "On Banks and Banking Activities" dated November 5, 2019 (hereinafter – the "Law"), we performed procedures aimed at verifying:

- the Bank's compliance, as of December 31, 2024, with the prudential regulations established by the Central Bank of the Republic of Uzbekistan;
- the compliance of the elements of the Bank's internal control and organization of risk management systems with the requirements set by the Central Bank of the Republic of Uzbekistan.

The above procedures were selected based on our judgment and were limited to analysis, review of documents, comparison of the Bank's approved policies, procedures, and methodologies with the requirements established by the Central Bank of the Republic of Uzbekistan, as well as recalculations, comparisons, and reconciliations of numerical indicators and other information.

We did not perform any procedures with respect to the Bank's accounting records, except for those we considered necessary for the purpose of expressing an opinion on whether the Bank's financial statements present fairly, in all material respects, its financial position as of December 31, 2024, as well as its financial performance and cash flows for the year 2024 in accordance with the International Financial Reporting Standards (IFRS).

The results of the procedures we performed are presented below.

As a result of our procedures related to the Bank's compliance with the prudential regulations established by the Central Bank of the Republic of Uzbekistan, we determined that as of December 31, 2024, the Bank's prudential ratios were within the limits set by the Central Bank of the Republic of Uzbekistan.

As a result of our procedures related to the compliance of elements of internal control and the organization of the Bank's risk management systems with the requirements of the Central Bank of the Republic of Uzbekistan, we determined that:

- In accordance with the requirements and recommendations of the Central Bank of the Republic of Uzbekistan, as of December 31, 2024, the Bank's Internal Audit Service is subordinate and accountable to the Bank's Board, and the Bank's risk management units were not subordinate and accountable to the units taking appropriate risks;
- The quarterly reports of the Bank's Internal Audit Service during 2024 met the requirements of the Central Bank of the Republic of Uzbekistan. These reports were approved by the Bank's Board and included information on the observations of the Bank's Internal Audit Service regarding the Bank's internal control system;
- In accordance with the requirements of the Central Bank of the Republic of Uzbekistan, as of December 31, 2024, the Bank has established an Information Security Department, and there is no information security policy. The Information Security Department is not staffed;
- As of December 31, 2024, the Bank's internal documents establishing methods for identifying and managing risks significant to the Bank and conducting stress testing have been approved by the Bank's authorized management bodies in accordance with the requirements and recommendations of the Central Bank of the Republic of Uzbekistan;
- As of December 31, 2024, the Bank had in place a reporting system for risks significant to the Bank, and for the Bank's equity;
- The frequency of reports prepared by the Bank's risk management units and Internal Audit Service throughout 2024 on risk management matters complied with the Bank's internal documents. These reports included observations by the risk management units and Internal Audit Service regarding the assessment of the Bank's material risks, along with recommendations for their improvement;

- As of December 31, 2024, the powers of the Bank's Board and its executive management bodies include monitoring the Bank's compliance with the risk and capital adequacy limits established by the Bank's internal documents. In order to monitor the effectiveness of the Bank's risk management procedures and the sequence of their application during 2024, the Bank's Board and its executive management bodies periodically discussed reports prepared by the Bank's risk management units and the Internal Audit Service and reviewed proposed measures to address deficiencies.

The procedures relating to elements of internal control and the organization of the Bank's risk management systems were performed solely for the purpose of verifying the compliance of the elements described above, as referenced in the Law, with the requirements established by the Central Bank of the Republic of Uzbekistan.

Jamshid Karimov

General Director

Qualification certificate of the auditor for conducting bank audits No.19 dated 28 December 2021, issued by the Central Bank of the Republic of Uzbekistan.

Grant Thornton LLC

30 May 2025
Tashkent, Uzbekistan

Management's acknowledgment of responsibility for the preparation and approval of the financial statements for the year ended 31 December 2024

Management is responsible for the preparation of financial statements that present fairly, in all material respects, the financial position of Private Joint-Stock Commercial Bank "Davr Bank" (the "Bank") as at 31 December 2024, and the statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- ensuring that accounting policies are appropriately selected and applied;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance; and
- making an assessment of the Bank'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 in the Bank;
- maintaining proper accounting records that disclose and explain the Bank's transactions and provide reliable information about the Bank's financial position at any date, and ensuring that the financial statements comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation and accounting standards of the Republic of Uzbekistan;
- taking all steps reasonably practicable to safeguard the assets of the Bank; and
- preventing and detecting fraud and other irregularities.

The financial statements of the Bank for the year ended 31 December 2024 have been approved and signed on behalf of the Bank's management:

A.A. Samadov	E.Xasanov
Chairman of the Board of the Bank	Chief Accountant of the Bank

DAVR BANK

30 May 2025

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

Statement of financial position

	Notes	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	7	573 127 294	277 435 933
Mandatory reserves in CBU		-	20 100 774
Loans and advances to customers	8	6 984 699 588	4 947 983 802
Investment financial assets	9	1 328 754 410	578 518 472
Advance income tax payments		343 423	4 899 022
Deferred tax asset		34 451 476	23 785 491
Property, plant and equipment and intangible assets	10	170 357 871	99 342 190
Non-current assets held for sale	11	3 035 222	549 120
Other assets	12	139 276 851	41 689 335
Total assets		**9 234 046 135**	**5 994 304 139**
Liabilities			
Due to other banks	13	121 895 407	87 900 529
Customer deposits	14	3 815 430 586	2 801 083 339
Other borrowings	15	3 595 160 408	2 023 361 688
Subordinated loans	16	348 852 960	111 048 930
Other liabilities	17	88 673 969	73 737 591
Total liabilities		**7 970 013 330**	**5 097 132 077**
Equity			
Share capital	18	500 000 000	400 000 000
Capital introduced	18	266 448	266 448
Retained earnings and funds		763 766 357	496 905 614
Total equity		**1 264 032 805**	**897 172 062**
Total liabilities and equity		**9 234 046 135**	**5 994 304 139**

Approved and signed on behalf of the management of the Bank:

A.A. Samadov
Chairman of the Board of the Bank

E. Xasanov
Chief Accountant of the Bank

30 May 2025

(in thousands UZS)

Statement of profit and loss and other comprehensive income

	Notes	For the year ended 31 December 2024	For the year ended 31 December 2023
Interest income calculated at the effective interest rate	19	1 674 952 081	999 349 569
Other interest income	19	106 037 203	125 543 447
Interest expense calculated at the effective interest rate	19	(983 857 570)	(583 231 569)
Other interest expenses	19	(37 558 522)	(12 533 082)
Net interest income		**759 573 192**	**529 128 365**
Provision for credit losses on debt financial assets	7,8	(98 050 171)	(15 942 618)
Net income/(expenses) from initial recognition of financial instruments and loan modifications		(793 031)	(4 009 323)
Net interest income after provision for credit losses		**660 729 990**	**509 176 424**
Commission income	20	180 174 368	186 177 018
Commission expenses	20	(131 139 855)	(79 456 104)
Net income / (expenses) from operations in foreign currency and from revaluation of foreign currency		36 417 494	52 820 882
Recovery / (creation) of a provision for credit losses on credit related commitments		(221 953)	(541 768)
Creation of a provision for other assets		(5 213 082)	1 097 449
Other operating income	21	1 872 665	1 603 209
Administrative and other operating expenses	22	(319 411 641)	(292 457 292)
Income before tax		**423 207 986**	**378 419 818**
Income tax expense	23	(56 347 243)	(67 101 608)
Net income for the year		**366 860 743**	**311 318 210**
Other comprehensive income:		-	-
Total comprehensive income for the year		**366 860 743**	**311 318 210**
Earnings per share			
For the year, basic and diluted earnings per share (UZS/share) attributable to the shareholders of the Bank	24	4 527	3 891

Approved and signed on behalf of the management of the Bank:

A.A. Samadov
Chairman of the Board of the Bank

E. Xasanov
Chief Accountant of the Bank

DAVR BANK

30 May 2025

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

Statement of changes in equity

	Share capital	Capital introduced	Retained earnings and funds	Total equity
Balance as at 1 January 2023	**400 000 000**	**266 448**	**185 587 404**	**585 853 852**
Net income for the year	-	-	311 318 210	311 318 210
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	**311 318 210**	**311 318 210**
Balance as at 31 December 2023	**400 000 000**	**266 448**	**496 905 614**	**897 172 062**
Net income for the year	-	-	366 860 743	366 860 743
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	**366 860 743**	**366 860 743**
Increase in share capital	100 000 000	-	-	100 000 000
Dividends declared on ordinary shares	-	-	(100 000 000)	(100 000 000)
Balance as at 31 December 2024	**500 000 000**	**266 448**	**763 766 357**	**1 264 032 805**

Approved and signed on behalf of the management of the Bank:

A.A. Samadov
Chairman of the Board of the Bank

E. Xasanov
Chief Accountant of the Bank

30 May 2025

(in thousands UZS)

Statement of cash flows

	For the year ended 31 December 2024	For the year ended 31 December 2023
Cash flow from operating activities		
Interest received	1 709 803 385	1 083 131 313
Interest paid	(1 021 416 092)	(596 671 735)
Commission received	186 291 317	179 874 425
Commissions paid	(131 379 855)	(79 484 082)
Net income from operations in foreign currency	(43 576 505)	(61 714 464)
Other operating income received	1 872 665	1 603 209
Staff costs	(215 417 005)	(182 166 795)
Administrative and other operating expenses	(105 718 756)	(109 169 461)
Income tax paid	(62 457 629)	(88 923 950)
Cash flow from operating activities before changes in operating assets and liabilities	**318 001 525**	**146 478 460**
Net (increase) / decrease in operating assets		
Mandatory reserves in CBU	20 100 774	(9 372 241)
Loans and advances to customers	(2 100 884 478)	(1 812 985 473)
Other assets	(97 587 516)	5 424 705
Net increase / (decrease) in operating liabilities		
Due to other banks	33 994 878	(99 124 557)
Customer deposits	1 014 347 247	918 221 198
Other liabilities	14 936 378	19 544 738
Net cash flow from operating activities	**(797 091 192)**	**(831 813 170)**
Cash flow from investing activities		
Investment securities purchased	(1 663 648 672)	(1 069 165 377)
Investment securities repaid	909 300 000	966 445 000
Acquisition of property, plant and equipment and intangible assets	(59 851 038)	(68 064 702)
Revenue from sale of property, plant and equipment	36 399	3 455 542
Net cash flow from investing activities	**(814 163 311)**	**(167 329 537)**

(in thousands UZS)

Statement of cash flows (Continue)

	For the year ended 31 December 2024	For the year ended 31 December 2023
Cash flow from financing activities		
Obtaining other borrowings	2 061 836 675	1 291 974 198
Repayment of other borrowings	(490 037 955)	(319 542 824)
Obtaining subordinated loans	256 511 850	10 019 790
Repayment of subordinated loans	(25 607 620)	-
Net cash flow from financing activities	**1 902 702 950**	**982 451 164**
The effect of changes in exchange rates on cash and cash equivalents	7 159 011	8 893 582
The effect of expected credit losses on cash and cash equivalents	(2 916 097)	(1 085 303)
Net change in cash and cash equivalents	**295 691 361**	**(8 883 264)**
Cash and cash equivalents at the beginning of the reporting year	277 435 933	286 319 197
Cash and cash equivalents at the end of the reporting year	**573 127 294**	**277 435 933**

Approved and signed on behalf of the management of the Bank:

A.A. Samadov
Chairman of the Board of the Bank

E. Xasanov
Chief Accountant of the Bank

DAVR BANK

30 May 2025

(in thousands UZS)

Notes to the financial statements

1 Primary activity

1.1 The bank

Private Joint-Stock Commercial Bank "DAVR BANK" (hereinafter - the Bank) was established in 2001 as an Joint-Stock Bank in accordance with the legislation of the Republic of Uzbekistan.

The Bank is registered in the Republic of Uzbekistan for banking activities in accordance with the updated banking license No. 71 dated 25 December 2021, issued by the Central Bank of the Republic of Uzbekistan (hereinafter - the "CBU").

The main activity of the Bank is the implementation of commercial banking operations, operations with securities, foreign currency, the provision of loans and guarantees. The Bank accepts deposits from the public and provides loans, makes payments on the territory of the Republic of Uzbekistan and abroad, as well as provides other banking services to legal entities and individuals.

As at 31 December 2024, the Bank carries out banking activities through the Head Office and has 7 branches and 27 banking service centers in the Republic of Uzbekistan (31 December 2023: 7 branches).

The legal and actual address of the Bank's head office is Block "A", A.Navoi-Zarqaynar Street, Shaykhontokhur region, Tashkent, the Republic of Uzbekistan, 100021.

The total number of the Bank's personnel as at 31 December 2024 was 1144 people (31 December 2023: 543 people).

The structure of the Bank's shareholders is presented in the following table:

Shareholders	31 December 2024 Share (%)	31 December 2023 Share (%)
Ubaev L.X.	46,86	46,86
Ubaeva M.A	13,57	13,57
Rahmatullaeva D.L.	9,91	9,91
Mirzayatov M.M.	9,79	9,79
Xayrullaev J.X	7,73	7,73
Ubaev T.X.	5,04	5,04
Mirzayatov M.M.	3,77	3,77
Xayrullaev D.X.	3,33	3,33
Total shareholders	**100,00**	**100,00**

As at 31 December 2024, the total number of shareholders was 8 (2023: 8); all shareholders of the Bank are induviduals. The Bank is under the actual control of Ubaev Lutfulla Khayrullaevich.

2 The economic environment in which the Bank operates

The economy of the Republic of Uzbekistan continues to show some features of developing market. The government develops the legislative, tax and regulatory framework necessary in a market economy, and undertakes significant economic and social changes. Further economic development of the Republic of Uzbekistan mostly depends on the effectiveness of economic measures, financial mechanisms and monetary policy adopted by the Government, as well as the development of the tax, regulatory and political system.

As reform process has not yet been completed, operations carried out in Uzbekistan are fraught with risks, which is not typical for economically developed countries. Among them, in particular, the non-convertibility of UZS in most countries outside the Republic of Uzbekistan, low level of liquidity in the debt securities market and the capital market, as well as continuing inflation.

According to the decision of the Central Bank of Uzbekistan, from 26 July 2024, the refinancing rate has decreased from 14 percent to 13.5 percent and on 24 March 2024 increased to 14 percent.

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

The state of the economy of the Republic of Uzbekistan is characterized by relatively inflation rates. During 2024, the inflation rate was 9,8 percent (2023: 8,8 percent).

The dynamics of GDP remains in the positive zone, and GDP growth at the end of 2024 amounted to 6,5 percent compared to 2023, while at the end of 2023, GDP growth was 6,0 percent.

3 Principles of presenting financial statements

3.1 Applicable standards

The accompanying consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS"), approved by the International Accounting Standards Committee ("IASC") based on historical cost accounting rules, adjusted for initial recognition of financial instruments at fair value and measured at fair value through profit or loss and at fair value through other comprehensive income. The accounting policies used in the preparation of these consolidated financial statements are presented below.

The Bank maintains records in accordance with the requirements of the current legislation of the Republic of Uzbekistan. These consolidated financial statements have been prepared based on these accounts with the adjustments necessary to bring it in compliance with IFRS in all material respects.

3.2 Functional and presentation currency

The national currency of the Republic of Uzbekistan is the "Uzbek soum" (hereinafter - UZS). The UZS was chosen as the functional currency, as well as the currency in which these consolidated financial statements are presented.

All consolidated financial statements have been rounded to the nearest thousand.

3.3 Currency operations

Foreign currencies, especially the US dollar (USD) and the Euro, play a significant role in determining the economic parameters of many business transactions in the Republic of Uzbekistan. The table below shows the rates of UZS against the USD and Euro, established by the Central Bank of Uzbekistan:

Date	USD	EURO
31 December 2024	12 920,48	13 436,01
31 December 2023	12 338,77	13 731,82

4 Important assessment and professional judgement

The preparation of financial statements in accordance with IFRS requires management to apply judgments, assumptions and estimations that affect the application of accounting policies and the recognition of assets and liabilities, income and expenses in the financial statements. To determine the carrying amount of assets and liabilities, estimated values and associated assumptions based on historical experience and other applicable factors are necessary. Despite the fact that the estimated values based on the most complete knowledge of the management of the current situation; the actual results may ultimately differ significantly from the accepted estimates.

The Bank makes estimates and assumptions that affect the amounts of assets and liabilities recorded in the financial statements in the next financial year. Estimations and assumptions continually analyzed based on management experience and other factors, including expectations regarding future events that management believes are reasonable in the light of current circumstances. Management also uses professional judgment and evaluation in the process of applying accounting policies. The professional judgment that has the most significant effect on the amounts recognized in the financial statements and the estimates that may result in significant adjustments to the carrying amount of assets and liabilities during the next financial year include:

Going concern

These financial statements reflect the current management's assessment of the Bank of impacts that affect the operations and financial position of the Bank. The future development of the economy of the Republic of Uzbekistan largely depends on the effectiveness of the measures taken by the Government of the Republic of Uzbekistan and other factors, including legislative and political events, which are not controlled by the Bank. The Bank's management is not in a position to predict the impact of these factors on the financial condition in the future. The accompanying financial statements did not include adjustments related to this risk.

Classification of financial assets

An assessment of business models that apply to assets, and an assessment of whether the contractual terms of a financial asset are solely a payment of principal and interest on principal, is disclosed in Note 6.

Measurement of estimated provision for expected credit losses

Measurement of the estimated provision for expected credit losses for financial assets measured at amortized cost and fair value through other comprehensive income (FVTOCI) is an area that requires complex models and significant assumptions about future economic conditions and credit behavior (for example, probability of default of counterparties and losses arising). A number of significant judgments are also required when applying accounting requirements to measure expected credit losses, such as:

- Defining criteria for a significant increase in credit risk;
- Selection of suitable models and assumptions for measuring expected credit losses;
- Determining the number and relative weights of possible future scenarios for each type of product/market and the corresponding expected credit losses;
- Creation of Banks of similar financial assets for estimating expected credit losses. The number of factors is influencing to the estimation of provision for credit losses on financial instruments. These factors are set out below;

A number of factors affect the estimated allowance for credit losses on financial instruments, which are outlined below:

- Remittances and the corresponding estimate of the provision for credit losses between stage 1 (12-months expected credit losses) and 2 (expected credit losses for the entire life span - unimpaired assets), or stage 3, due to the fact that the balances experienced a significant increase (or decrease) in credit risk within one Stage. Another reason is depreciation during the period with a consequent increase (or decrease) from expected credit losses for 12 months to expected credit losses for the entire life;
- Creation of additional estimated provisions for newly recognized or purchased financial instruments during the period, as well as their recovery in respect of financial instruments whose recognition has been discontinued during the period;
- The effect on the estimate of expected credit losses of changes in indicators of the probability of default, debt at the time of default and loss in case of default during the period resulting from regular updating of the initial data of the models;
- The effect on changes in claims on contractual interest on the estimate of expected credit losses, taking into account the effect of time since expected credit losses are estimated on the basis of the current present value;
- Financial assets that were de-recognized during the period and write off / restore of the estimated provisions relating to assets that were written off / restored during the period;
- Sale of subsidiaries and reclassification into assets for discontinued operations and assets held for sale;
- The impact of changes in exchange rates when recalculating assets denominated in foreign currency and other movements.

Fair value of financial instruments

The fair value of financial instruments for which there is no quotation in an active market is determined using various valuation techniques. If valuation techniques are used to determine the fair value (for example, models), they are approved and regularly reviewed by qualified staff independent of the department/unit using these techniques. All models are certified before they are used; models are also adjusted to reflect actual and comparative market prices. In the framework of the permissible model, only observable data are used, however, such areas as credit risk (both own and counterparty risk), variability and correlation require management to make estimates. Changes in the assumptions related to these factors may affect the fair value recorded in the consolidated financial statements. See Note 27.

Climate Change Impact

The Bank and its clients are exposed to physical risks related to climate change, as well as to transition risks. Physical risks arise from weather-related events such as hurricanes, floods, wildfires, and long-term changes in climate conditions such as a sharp and sustained rise in temperatures, droughts, sea level rise, and others. Transition risks may result from developments related to the shift toward a net-zero economy, such as changes in laws and regulations, litigation due to failure to mitigate or adapt, and changes in supply and demand for certain goods, products, and services due to shifts in consumer behavior and investor preferences. Management believes that it is currently not possible to definitively incorporate climate risk factors into the measurement of expected credit losses. Nevertheless, the Bank closely monitors relevant developments in this area and considers that climate-related risks do not currently have a material impact. When analyzing counterparties' exposure to climate risks, the Bank understands that, overall, physical risks or transition risks associated with climate change are not expected to have a significant impact on its counterparties.

5 Transition to new or revised standards and interpretations

The following amendments to standards became effective for the Bank effective 1 January 2024, but did not have a significant impact on the Bank.

Amendments to IFRS 16 " Lease liability under a sale and leaseback transaction"

The amendments to IFRS 16 specify the requirements that a seller-lessee applies when measuring the lease liability arising from a sale and leaseback transaction, to ensure that the seller-lessee does not recognize any amount of profit or loss relating to the right of use retained.

Amendments to IAS 1 – "Classification of liabilities as current or non-current"

The amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. Specifically, the amendments clarify:

- What is meant by a right to defer settlement;
- That the right must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that the entity will exercise its right to defer settlement;
- That only if an embedded derivative in a convertible liability is itself an equity instrument, the terms of the liability do not affect its classification.

Additionally, the Bank is required to disclose information when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is subject to compliance with future covenants within twelve months.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and introduce new disclosure requirements for such arrangements. These disclosure requirements are intended to help users of financial statements understand the effects of supplier finance arrangements on the Bank's liabilities, cash flows, and exposure to liquidity risk.

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures".

In June 2023, the International Sustainability Standards Board (ISSB) issued new sustainability-related disclosure standards – IFRS S1 and IFRS S2. IFRS S1 establishes general requirements for the disclosure of sustainability-related risks and opportunities across all sustainability topics, including supply chains, that could affect cash flows, access to finance, and cost of capital. IFRS S2 sets out requirements for identifying, measuring, and disclosing climate-related risks and opportunities, and includes the following disclosure topics:

- Physical risks related to climate change;
- Transition risks related to climate change;
- Climate-related opportunities;
- Climate resilience of the entity.

The standards are effective for annual reporting periods beginning on or after January 1, 2024. These standards have not had a material impact on the Bank's financial statements.

6 Key principles of accounting policy

6.1 Standards that have been released but not effective yet

Certain new standards became effective for the Bank's reporting periods beginning on or after 1 January 2025 and were not early adopted by the Bank.

Standards that have not entered into force for the annual reporting periods ending 31 December 2024	**Effective for annual reporting periods from or after**
• IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027
• IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	1 January 2027
• Amendments to IAS 21: Restrictions on Currency Convertibility	1 January 2025

The Bank is currently considering the provisions of these standards, their impact on the Bank and the timing of their application.

6.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the main market or, if there is none, in the most profitable market to which the Bank has access to indicated date. The fair value of the liability reflects the risk of default.

To the extent possible, the Bank estimates the fair value of the instrument using quoted prices for the instrument in an active market. The market is recognized as active if quotes are easily accessible and reflect actual and regular transactions between independent market participants.

In the absence of current quotes in an active market, the Bank uses valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methods selected include all factors that market participants would take into account in the circumstances.

The best evidence of the fair value of a financial instrument at initial recognition is usually the transaction price, that is, the fair value of the consideration paid or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is not supported by current quoted prices in an active market for a similar asset or liability and is not based on valuation techniques using only observable inputs, the financial instrument is initially measured at fair value adjusted so as to defer recognition of the difference between the transaction price and fair value. After initial recognition, this difference is subject to amortization in profit or loss over the life of the instrument, but not later than when the valuation is fully supported by observable inputs or when the transaction is completed.

If the transaction price in an inactive market differs from the fair value of current market transactions in the observed market for the same instrument or is based on a valuation technique whose initial parameters include only information from observed markets, the Bank will immediately recognize the difference between the transaction price and fair value ("First Day earnings") in profit or loss. If unobservable information is used, the difference between the transaction price and the value determined on the basis of the model is recognized in profit or loss only if the source data becomes observable or if the financial instrument is derecognized.

If an asset or liability measured at fair value has a bid price and an offer price, assets and long positions are valued based on the demand price, liabilities and short positions are valued based on the bid price.

6.3 Effective interest rate (discount method)

The effective interest rate method is the adjustment of all future cash flows expected for a financial asset or financial liability to the fair value at the date the asset or liability is incurred at a discount rate.

The discounting method is used by the Bank to determine the amortized cost of financial instruments.

The discount rate is the effective interest rate or market interest rate at which all future cash flows of a financial instrument are reduced to fair value.

Cash flows for financial assets and liabilities are discounted on the basis of future cash flows expected at the actual contract rate and the corresponding discount rate determined on the basis of the discount rate

If cash flows on a financial instrument are expected for more than one period (interest income or expenses are charged more than once on certain dates during the entire term of the financial instrument, and / or repayment of the principal amount is carried out in parts), the calculation of future cash flows, the discount rate and discounted amounts of data flows is carried out for each such period. The current present value of a financial instrument at the date of its occurrence in this case represents the sum of the discounted future flows of the instrument for each period.

The effective interest rate applies to the gross book value of the financial instrument. The effective interest rate adjusted for credit risk is applied to the acquired or created credit impaired financial assets. This rate applies to the amortized cost of acquired or created impaired assets from the date of initial recognition.

For financial assets that subsequently become credit-impaired, the effective interest rate also applies to the amortized cost. If subsequently the credit risk on the credit impaired financial asset is reduced to such an extent that the asset ceases to be such, from the next reporting period the effective interest rate is applied to the gross book value of the financial instrument.

The calculation of the effective interest rate includes transaction costs, as well as fees and amounts paid or received, which are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

6.4 Amortized cost of a financial instrument

The amortized cost of a financial instrument at the end of each reporting period is a measure calculated at the amortized cost of this instrument at the end of the previous reporting period plus / minus the depreciation, which is the difference between the cash flows for this reporting period, calculated at the effective interest rate, and in fact received or paid cash flows during this period.

When determining the amount of depreciation, cash flows for a financial instrument include:

- the movement of the issued / received amount of principal debt;
- interest income or expense;
- additional fees received / paid at the time of issuing / raising a loan (such as fees for arranging and issuing a loan, reviewing a loan application, opening and servicing a loan account, etc.) or issuing a debt obligation (for example, bonds);
- other commissions subject to a reliable estimate, the payment of which is a prerequisite for issuing a loan / issuance of an obligation or will be made on a regular basis according to the terms of the contract.

Interest income and expenses on financial instruments recorded at initial recognition at actual costs are recognized in the income statement based on the actual contract rate.

If a financial instrument determines a new fair value for its initial recognition, the calculation and recognition of interest income or expenses is based on the market interest rate used to determine the new fair value of the financial instrument, which subsequently becomes the effective interest rate for the instrument.

For floating rate financial instruments, the effective interest rate for cash flow discounting is used until the next date of the floating rate revision at market rates before the maturity date of the financial instrument.

Interest income and expenses on financial instruments, the calculation of the amortized cost of which is carried out by discounting flows at the effective interest rate, are calculated on the basis of the new initial value of the financial instrument at the effective interest rate.

6.5 Financial assets and liabilities

Classification of financial instruments

In accordance with IFRS 9 financial assets are classified as subsequently measured:

- At amortized cost;
- At fair value through other comprehensive income;
- At fair value through profit or loss - depending on:
  - the business model used to manage financial assets;
  - characteristic of a financial asset related to the cash flows provided in the contract.

The business models used by the Bank are determined by key management personnel and describe the ways in which the Bank manages its financial assets in order to generate cash flows.

Financial assets are measured at amortized cost when the following conditions are met:

- the financial asset is held within the business model, the purpose of which is to withhold to obtain the cash flows provided by the contract;
- the contractual terms provide for the receipt on certain dates of cash flows, which are exclusively payments to the principal amount of the debt and interest on the outstanding part of the principal amount of the debt.

Cash flows that are exclusively payments on account of the principal amount of the debt and interest on the outstanding portion of the principal amount of the debt are characterized by the following features:

- the principal amount of the debt is the fair value of the financial asset at initial recognition;
- interest includes only reimbursement for the time value of money, for credit risk in respect of the principal amount of debt remaining outstanding for a certain period of time, and for other ordinary risks (for example, liquidity) and costs (in particular, administrative) associated with lending.

In some cases, the element of the time value of money contains compensation for other risks and costs, i.e. is modified. In this case, the Bank conducts a qualitative or, if necessary, quantitative assessment of the significance of the effect of the modified element of the time value of money.

Financial assets are measured at fair value through other comprehensive income while fulfilling the following conditions:

- the financial asset is held within the framework of a business model, the purpose of which is to keep both the cash flows stipulated in the contract and the sale of financial assets;
- the contractual terms provide for the receipt on certain dates of cash flows, which are exclusively payments to the principal amount of the debt and interest on the outstanding part of the principal amount of the debt.

Financial assets are measured at fair value through profit or loss if they are acquired as part of a business model that aims to sell, and if they do not meet the criteria for valuation at amortized cost or at fair value through other comprehensive income.

In accordance with IFRS 9 **financial liabilities are classified as subsequently measured at amortized cost**, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when the transfer of a financial asset does not meet the requirements for de-recognition or when the principle of accounting for continuing participation is applied;
- financial guarantee contracts;
- commitments to provide loans at an interest rate below the market;
- contingent consideration resulting from a business combination.

Estimation of business model

The Bank assesses the purpose of the business model in which the asset is held at the portfolio level of financial instruments, as this best reflects the way the business is managed and how the information is presented to management. Analyzed information includes:

- Policies and objectives established for portfolio management, as well as the implementation of these policies in practice. In particular, whether the management strategy is focused on obtaining interest income stipulated by the contract, maintaining a certain structure of interest rates, ensuring that the maturity of financial assets matches the maturity of financial liabilities used to finance these assets, or realizing cash flows through the sale of assets.
- How portfolio performance is assessed and how this information is communicated to the management of the Bank;
- Risks that impacts on the performance of the business model (and financial assets held under this business model), and how these risks are managed;
- How remuneration is given to managers responsible for managing the portfolio (for example, whether this remuneration depends on the fair value of the specified assets or on the cash flows from the assets provided by the contract);
- Frequency, volume and timing of sales in past periods, the reasons for such sales, as well as expectations regarding future sales. However, information on sales levels is not considered in isolation, but as part of a single holistic analysis of how the Bank's stated goal of managing financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading, or that are managed and whose performance is measured on the basis of fair value, are measured at fair value through profit or loss, since they are not held neither for the purpose of obtaining the contractual cash flows nor for the purpose of cash flow contract and sale of financial assets.

An assessment of whether contractual cash flows are solely payment of principal and interest.

For the purposes of this assessment, "principal" is defined as the fair value of a financial asset upon initial recognition. "Interest" is defined as reimbursement for the time value of money, for credit risk in respect of the principal amount outstanding for a certain period of time, and for other major risks and costs associated with lending (for example, liquidity risk and administrative costs), and include profit margins.

In assessing whether the contractual cash flows are solely payments of the principal and interest on the outstanding amount of the principal (the "SPPI criterion"), the Bank analyzes the contractual terms of the financial instrument. This includes an assessment of whether a provision on a financial asset provides for a condition that can change the time or amount of the cash flows under the contract so that the financial asset does not satisfy the requirement being analyzed.

In conducting the assessment, the Bank takes into account:

- Conditional events that may change the timing or amount of cash flows;
- Conditions that have a leverage effect;
- Terms of early repayment and prolongation of the validity period;

- Conditions that limit the Bank's claims to cash flows from certain assets (for example, non-recourse assets);
- Conditions that result in a change in compensation for the time value of money — for example, a revision of interest rates on a periodic basis.

The Bank determined that for a portfolio of long-term loans issued at a fixed interest rate, at which the Bank has the right to revise the interest rate in the event of a change in the refinancing rate set by the CBU, and for which borrowers have the right to either agree to the revised rate or repay the loan at nominal value reduced by the amount of payments on account of the principal amount of the debt and increased by the amount of accrued but unpaid interest, without penalties, the contractual flows provided by the contracts funds represent solely payments of principal and interest, since this right leads to a change in interest rate in such a way that interest represents a reimbursement for the time value of money, credit risk, other main risks associated with lending, and costs associated with the principal amount remaining outstanding. Therefore, the Bank considers these loans as variable rate loans at its core.

General principles for the initial valuation of financial instruments

Financial instruments (financial assets and financial liabilities) are recognized in the accounting records of the Bank if it becomes a party to the contract for this financial instrument.

With the exception of trade receivables (not containing a significant financing component) and, a financial asset or liability measured at fair value through profit or loss, financial instruments are initially recognized at fair value increased or decreased in the case of a financial asset or liability in the amount of transaction costs that are directly related to the acquisition of a financial asset or the issuance of a financial liability. The best evidence of the fair value of a financial instrument upon initial recognition is usually the transaction price.

Trade receivables that do not contain a significant financing component are estimated at initial recognition at the transaction price.

If the actual contract rate for a financial instrument is missing or significantly deviates from the market rate for this similar instrument at the date of its occurrence, then the new fair value of the financial instrument for its initial recognition is determined. Wherein:

- in the absence of information on market rates for this financial instrument (or if they cannot be determined with a sufficient degree of certainty), the actual contract rate for this instrument can be compared with market rates for transactions with similar financial instruments;
- **the deviation of the actual contract rate from the market rate** for this or similar financial instrument at the date of its occurrence is considered significant. The decision on materiality is made based on professional judgments of the responsible persons considering the content and features of the relevant transaction.

The new fair value of a financial instrument for its initial recognition is determined by the method of discounting. Based on the market interest rate and represents the fair value of this instrument at the date of its occurrence, i.e. the present value of all future (expected) cash flows for this instrument at the date of its occurrence, discounted at the market interest rate for the given or similar financial instrument. The difference between the actual costs at the date of the financial instrument and its new initial value, depending on the reason for its occurrence, may be recognized in equity, the statement of profit or loss or other assets/liabilities of the Bank.

The market interest rate for this financial instrument or other similar financial instruments is determined based on the available internal and external sources of information, depending on the type and nature of the financial instrument and can be determined/calculated on the basis of:

- from well-known interest rates published or posted in information systems at www.cbu.uz (official website of the Central Bank of the Republic of Uzbekistan) or public authorities and authorities on the Internet;
- from the refinancing rate of the Central Bank of Uzbekistan for the relevant period.

In particular, when determining the market rate under consumer lending agreements, the Bank uses information published by the CBU on the total value of consumer credit, defining the range of market rates as: upper limit of the range - rate of the value of the consumer loan; and lower limit of the range - refinancing rate of the CBU for the corresponding period.

Reclassification

The classification of financial assets after initial recognition does not change, except in the period following how the Bank changes its business model for managing financial assets. The Bank should reclassify financial assets only if it has changed the business model used to manage these financial assets. It is expected that such changes will occur extremely rarely. Such changes should be determined by the top management of the Bank as a result of external or internal changes and should be significant for the Bank's activities and obvious to external parties. Accordingly, a change in the purpose of the Bank's business model can occur if and only when the Bank starts or stops carrying out an activity significant in relation to its operations, for example, in the case of the acquisition, disposal or termination of a specific activity by the Bank.

The classification of financial liabilities after initial recognition is not subject to change.

De-recognition of financial instruments

De-recognition of a financial asset is made only when:

- the contractual rights to cash flows from this financial asset expire or
- the Bank transfers a financial asset, and such transfer satisfies de-recognition requirements.

In the event of a significant modification of a financial asset, the Bank de-recognizes the company and recognizes a new asset. Criteria for material modification the Bank determines as:

- change in the currency of a financial instrument;
- a change in the fixed interest rate to a floating interest rate and vice versa;
- replacement of the debtor.

A financial liability is de-recognized only if it is redeemed, that is, when the obligation specified in the contract has been fulfilled, canceled or expired.

Under the transfer of a financial asset means:

- the transfer of contractual rights to receive cash flows from this financial asset to another party or
- maintenance of contractual rights to receive cash flows from a financial asset while simultaneously assuming contractual obligations to pay these funds to one or more beneficiaries under the contract.

When a financial asset is transferred, the extent of the risks and rewards of ownership of the financial asset is assessed. In this case:

- if the Bank transfers substantially all the risks and rewards associated with owning a financial asset, it derecognizes the financial asset and recognizes separately as assets or liabilities those rights and obligations that are created or retained during the transfer;
- if the Bank retains substantially all the risks and rewards of ownership of a financial asset, it continues to recognize the financial asset;
- if the Bank does not transfer and substantially retain all the risks and rewards associated with owning a financial asset, it should determine whether control over the financial asset remains. In this case:
    - if the Bank does not retain control, it derecognizes the financial asset and recognizes separately as an asset or liability those rights and obligations that are created or retained during the transfer;
    - if the Bank maintains control, it continues to recognize the financial asset to the extent that it continues to participate in this financial asset.

Upon de-recognition, the difference between the carrying amount of a financial asset transferred to the other party (estimated at the date of de-recognition) and the amount of funds received or receivable in exchange for the specified asset minus any liabilities incurred is recorded in the income statement and losses for the reporting period.

Significant change in the terms of a financial liability (regardless of the reasons for this change), including the exchange of liabilities with substantially different conditions is taken into account as the redemption of the old obligation and the recognition of a new one, reflecting the difference between them in the statement of income. A significant change is recognized in which the current discounted value of cash flows in accordance with the new conditions differs from the current discounted value of the remaining cash flows of the initial financial liability by 10% or more.

Upon de-recognition, the difference between the carrying amount of a financial liability extinguished or transferred to another party, including the corresponding underestimated part of the actual costs, and the amount of compensation paid for it shall be reflected in the statement of profit or loss for the reporting period.

Impairment

The Bank recognizes a provision for expected credit losses on the following financial instruments not at fair value through profit or loss:

- loans to customers;
- debt investment securities;
- net investment in finance lease;
- issued financial guarantee contracts; and
- issued loan commitments.

The Bank recognizes provisions for expected credit losses in an amount equal to the expected credit losses for the entire term, except for the following instruments for which the amount of the provision will be equal to 12-month expected credit losses:

- debt investment securities with low credit risk at the reporting date; and
- other financial instruments (other than net investments in financial leases) for which credit risk has not increased significantly since their initial recognition.

The Bank believes that a debt security has a low credit risk if its credit rating corresponds to the generally accepted definition of investment grade in the world.

The 12-month expected credit losses are part of the expected credit losses due to events of default on a financial instrument, possible within 12 months after the reporting date.

Estimation of expected credit losses

Expected credit losses are estimates of credit losses, weighted by the degree of probability of a default occurring. They are assessed as follows:

- **in respect of financial assets that are not credit impaired as of the reporting date**: as the present value of all expected cash shortfalls (that is, the difference between the cash flows owed by the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
- **in respect of financial assets that are credit-impaired at the balance sheet date**: as the difference between the gross book value of the assets and the present value of estimated future cash flows;
- **in respect of the unused part of the loan commitments**: as the present value of the difference between the contractual cash flows that are due to the Bank under the contract if the borrower uses his right to receive the loan and the cash flows that the Bank expects to receive, issued; and
- **in respect of financial guarantee contracts**: as the present value of the expected payments to the contract holder to compensate for the credit loss incurred by him minus the amounts that the Bank expects to reimburse.

Restructured financial assets

In case of revising or modifying, by agreement of the parties, the terms of a financial asset, or replacing an existing financial asset with a new one due to the financial difficulties of the borrower, an assessment is made to determine whether this financial asset is de-recognized, and the expected credit losses are estimated as follows:

- If the expected restructuring does not result in de-recognition of an existing asset, then the expected cash flows for the modified financial asset are included in the calculation of the amounts of cash shortfall in the existing asset.
- If the expected restructuring will lead to de-recognition of an existing asset, then the expected fair value of the new asset is considered as the final cash flow of the existing asset at the time of its de-recognition. This amount is included in the calculation of the cash shortfall on an existing financial asset, which is discounted for the period from the expected date of de-recognition to the reporting date using the original effective interest rate on the existing financial asset.

Credit impaired financial assets

At each reporting date, the Bank evaluates financial assets at amortized cost and debt financial assets and at fair value through other comprehensive income for their credit impairment. A financial asset is "credit impaired" when it is defaulted.

Submission of a provision for expected credit losses

The provisions for credit losses are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a decrease in the gross book value of these assets;
- loan commitments and financial guarantee agreements: generally, as a reserve;
- if the financial instrument contains both a claimed and unclaimed component, and the Bank cannot determine expected credit losses on the loan commitment made separately from the expected credit losses on the already claimed part (loan issued): the Bank represents the aggregate loss allowance for both components. The cumulative amount is presented as a decrease in the gross book value of the claimed part (loan disbursed). Any excess of the loss allowance over the gross book value of the loan issued is presented as a reserve; and
- debt instruments measured at fair value through other comprehensive income: an allowance for losses is not recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the amount of the allowance for losses is disclosed and recognized in the composition of the reserve of changes in fair value.

Write-offs

Loans and debt securities are written off (partially or in full) when there are no reasonable expectations of their recovery. As a rule, this is the case when the Bank determines that the borrower has no assets or sources of income that can generate cash flows in an amount sufficient to repay the amounts of debt to be written off. However, with regard to written-off financial assets, the Bank may continue to carry out debt collection activities in accordance with the policy on reimbursement of receivables.

Cash and cash equivalents

Cash and cash equivalents are items that are easily converted into a certain amount of cash and are subject to minor changes in value. Cash and cash equivalents include all interbank deposits, overnight deposits and reverse repurchase agreements with other banks with an initial maturity of up to one business day. Funds for which there are restrictions on use for a period of more than three months at the time of submission are excluded from cash and cash equivalents in both the statement of financial position and the statement of cash flows. Cash and cash equivalents are carried at amortized cost, since (i) they are held to receive contractual cash flows and these cash flows are solely payments on the principal amount of the debt and interest and (ii) they are not classified as fair value. value through profit or loss. The conditions established solely by law (for example, provisions on the conversion of debt into equity in some countries) do not affect the results of the SPPI test, unless they are included in the terms of the contract and would apply even if the legislation later changed.

Cash payments or receipts presented in the statement of cash flows represent a transfer of cash and cash equivalents by the Bank, including those accrued or credited to the Bank's current accounts of the Bank's counterparties, such as interest income on a loan or principal amount, collected by debiting funds from the client's current account, interest payments or loans issued to the client's current account, representing cash or cash equivalent from the client perspective.

Mandatory reserves in CBU

Mandatory reserves in CBU are carried at amortized cost and represent funds deposited in CBU at which no interest is calculated and which are not intended to finance the daily operations of the Bank. Consequently, they are excluded from the composition of cash and cash equivalents for the purposes of drawing up statement of cash flows.

Bank Card Payments

The initial recognition of incomplete settlements with bank cards occurs when a legal right to receive or a legal obligation to pay money in accordance with the terms of the contract arises. Pending bank card payments are stated at amortized cost.

Due from other banks

Due from other banks are accounted for when the Bank provides cash to counterparty banks in the form of advance payments. Due from other banks are carried at amortized cost if (i) they are held to receive the contractual cash flows and these cash flows are exclusively payments to the principal and interest, and (ii) they are not categorized at fair value through profit or loss.

Loans and advances to customers

Loans and advances to customers presented in the statement of financial position include:

- loans and advances to customers, measured at amortized cost; they are initially measured at fair value, taking into account the additional direct costs of the transaction, and then at amortized cost using the effective interest rate method;
- loans and advances to customers, assessed by the SSIA on a mandatory basis; such loans are measured at fair value with immediate recognition of changes in their value in profit or loss;
- finance lease receivables.

When the Bank acquires a financial asset and simultaneously concludes an agreement to resell the asset (or substantially the same asset) at a fixed price on a future date, the agreement is treated as a loan or advance payment, and the underlying asset is not recognized in the financial statements of the Bank.

Property received for non-payment

Property received for non-payment represents financial and non-financial assets received by the Bank in settling overdue loans. These assets are initially recognized at fair value upon receipt and included in fixed assets, other financial assets, investment property or stocks in other assets, depending on their nature and the Bank's intentions to recover these assets, and are subsequently revalued and accounted for in accordance with accounting policies for these asset categories.

If property received for non-payment results in the acquisition of control over the business, the business combination is accounted for using the acquisition method, with the fair value of the settled loan being the acquisition cost. For shares acquired as property for default, accounting policies for associates apply when the Bank acquires significant influence, but does not acquire control. The cost of the associate is equal to the fair value of the loan settled through the acquisition of the pledged shares.

Investment in debt securities

Based on the business model and cash flow characteristics, the Bank classifies investments in debt securities as valuation at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. Debt securities are carried at amortized cost, if they are held to receive contractual cash flows, these cash flows are solely payments on the principal amount of the debt and interest and are not defined as being measured at fair value through profit or loss on a voluntary basis so that reduce the accounting discrepancy.

Debt securities are recorded under the FVTOCI, if they are held to receive contractual cash flows and for sale, they are solely payments on the principal amount of the debt and interest, and they are not defined as at fair value through profit or loss. Interest income on these assets is calculated using the effective interest method and is recognized in profit or loss. Estimated allowance for impairment losses determined on the basis of the expected credit loss model is recognized in profit or loss for the year. All other changes in the carrying amount are recorded in other comprehensive income. Upon derecognition of a debt security, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss.

If debt investment investments do not qualify for recognition at amortized cost or at fair value through other comprehensive income, they are recorded at fair value through profit or loss. The Bank may also unconditionally attribute investments in debt securities to the category estimated at fair value through profit or loss upon initial recognition, if using this opportunity significantly reduces the accounting mismatch between financial assets and liabilities recognized or measured using different accounting methods.

Equity Investments

Financial assets that meet the definition of capital from the issuer's point of view, that is, instruments that do not contain a contractual obligation to pay cash and indicate the presence of a residual share in the issuer's net assets, are considered by the Bank as investments in equity securities. Investments in equity securities are measured at fair value through profit or loss, unless the Bank unconditionally chooses to classify equity investments as those measured at fair value through other comprehensive income upon initial recognition. The Bank 's policy is to classify equity investments as being measured at fair value through other comprehensive income, when these investments are held for purposes other than receiving investment income. If the fair value through other comprehensive income is selected, the gains and losses from the fair value revaluation are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, including on retirement. Impairment losses and their recovery, if any, are not estimated separately from other changes in fair value. Dividends are still recognized in profit and loss when the Bank's right to receive payments is established, unless they are a return on investment, and not income on such investments.

Derivative financial instruments

Derivative financial instruments, including forward and futures contracts, option contracts and swaps, are carried at their fair value. All derivatives are recorded as assets if the fair value of these instruments is positive and as liabilities if their fair value is negative. Changes in the fair value of foreign exchange derivative financial instruments are included in the statement of income on "Income less expenses / (expenses less income) on operations with foreign currency, currency derivatives and foreign currency revaluation". Changes in the fair value of derivatives with precious metals are attributed to "Income less expenses / (expenses less income) from operations with precious metals, derivative financial instruments with precious metals and from revaluation of accounts in precious metals"; changes in the fair value of derivative instruments with securities, interest rate derivatives and other derivative financial instruments - by "Income less expenses / (expenses less income) on transactions with other derivative financial instruments".

Property, plant and equipment

Property, plant and equipment are stated at cost or at revalued amounts, as described below, less accumulated depreciation and provision for impairment (if any).

Profit and losses arising from the disposal of property, plant and equipment are determined on the basis of their residual value and recorded under operating expenses of the statement of comprehensive income.

Repairs and maintenance costs are recognized in the statement of comprehensive income when incurred.

Construction in progress is carried at cost less impairment allowance.

Upon completion, assets are transferred to property, plant and equipment are stated at book value at the time of transfer. Construction in progress is not subject to depreciation until the asset is put into operation.

Intangible assets

Intangible assets of the Bank, other than goodwill, have a certain useful life and mainly include capitalized software, as well as intangible assets acquired as a result of business combinations (for example, customer base and trademark). Acquired and recognized intangible assets are capitalized based on the costs incurred to acquire and implement these assets. Following initial recognition, intangible assets are carried at cost less any accumulated depreciation and any accumulated impairment loss. Intangible assets are amortized based on the straight-line method and are assessed for impairment if there are signs of impairment of these assets.

Amortization

Depreciation of an item of property, plant and equipment begins when it is commissioned. Depreciation is charged on a straight-line basis over the following useful lives:

- Buildings - 20 years;
- Office and computer equipment - from 5 to 10 years;
- Vehicles - 5 years;
- Intangible assets - 5 years.

Land has unlimited useful life and is not subject to depreciation.

At the end of the useful life of the asset, the residual value of the asset is the estimated amount that the Bank would have received at the moment if the asset was sold, less the estimated costs of disposal, if the condition and age of the asset were consistent with the age and condition that the asset would have end of useful life. The residual value of assets and their useful lives are reviewed and, if necessary, adjusted at the end of the reporting period.

Operating lease

When the Bank acts as a tenant and all the risks and income from ownership of the leased property are not transferred to the Bank by the lessor, the total amount of payments under operating leases is recognized in the profit and loss accounts evenly throughout the lease term. When assets are transferred to operating leases, lease payments receivable are recognized as rental income in operating leases in the consolidated income statement using the straight-line method over the lease term.

Financial leases

In a financial lease, all the risks and rewards of ownership of the asset are transferred. If the Bank is a lessor, the Bank recognizes lease receivables in an amount equal to the net investment in the lease, starting from the date of commencement of the lease term. Financial income is calculated according to a scheme reflecting a constant periodic rate of return on the present value of the net investment. Initial direct costs are included in the cost upon initial recognition of lease payments. Net investments in financial leases are recorded as loans and advances to customers.

Financial lease liabilities

When the Bank acts as a tenant and all risks and benefits associated with ownership are transferred to the Bank, assets leased are recorded in property, plant and equipment from the date the leases arise at the lowest fair value of the assets leased and the present value. Minimum rental payments. Each rental payment relates in part to the repayment of the obligation and partly to financial expenses in order to ensure a constant interest rate on the amount of the balance of the lease finance debt. The corresponding rental obligations, net of future finance charges, are included in other borrowed funds. Interest expense is recognized in profit or loss for the year over the term of the lease using the effective interest method. Assets acquired under a finance lease are depreciated over their useful lives or, if the Bank is not sufficiently confident, that it will acquire ownership by the end of the lease term, over a shorter lease term.

Terminated activity

Discontinued operations are a component of the Bank that has been sold or classified as held for sale, and: a) is a separate significant line of business or geographical area of business; (b) is part of a single, coordinated plan for the disposal of a separate significant line of business or geographic region of business; or (c) is a subsidiary acquired solely for the purpose of resale. Revenues from discontinued operations are recorded separately from continuing operations, with corresponding repeated disclosures of comparative information.

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL.

Termination of financial liabilities

The recognition of financial liabilities is terminated in the event of their redemption (i.e., when the obligation specified in the contract is fulfilled or terminated, or the term of its fulfillment expires).

Financial liabilities classified as at fair value through profit or loss

The Bank may identify certain liabilities as being measured at fair value through profit or loss upon initial recognition. The gains and losses on such liabilities are presented in profit or loss, except for the amount of changes in fair value associated with changes in the credit risk of this liability (defined as the amount that does not relate to changes in market conditions resulting in market risk). Which is reflected in other comprehensive income and is not subsequently reclassified to profit or loss. This is possible if such a representation does not create or exacerbate the accounting discrepancy. In this case, the profits and losses related to changes in the credit risk of the liability are also recognized in profit or loss.

Due to banks

Due to banks are recorded from the time the Bank issues cash or other assets by counterparty banks. Amounts due to banks are non-derivative financial liabilities and are carried at amortized cost or at the FVTPL.

Customers deposits

Deposits of individuals and corporate customers include non-derivative financial liabilities to individuals and corporate customers (including government agencies and companies controlled by the state) and are carried at amortized cost or according to the FVTPL.

Other borrowings

Other borrowings are represented by syndicated loans attracted by the Bank in the financial markets, as well as trade finance transactions. Other borrowed funds are carried out at amortized cost.

Loan commitments

The Bank issues loan commitments. Such liabilities represent irrevocable obligations or liabilities whose recall is possible only in response to significant adverse changes. Such liabilities are initially recorded at fair value, confirmed, as a rule, by the amount of the consideration received. This amount is amortized on a straight-line basis over the life of the obligation, with the exception of the loan commitment, in case there is a likelihood that the Bank will enter into a specific loan agreement and will not plan the implementation of the loan within a short period after it is granted. Such fees and commission received associated with the loan commitment is recorded as deferred income and is included in the carrying amount of the loan upon initial recognition. At the end of each reporting period, liabilities are estimated as: (i) the unamortized balance of the amount at the time of initial recognition plus; (ii) the amount of the provisional reserve determined based on the model of expected credit loss, if the obligation is not to provide a loan at an interest rate lower than the market, then the amount of the liability equal to the greatest of these two sums. The carrying value of loan commitments is an obligation. For contracts that include a loan and unused liability, if the Bank is unable to separately identify expected credit losses for the unused loan component and for the credit component, expected credit losses for the unused liability are recognized together with the provision for expected credit losses. Expected credit losses in excess of total expected credit losses over the gross carrying amount of the loan are recognized as a liability.

Financial guarantees

Financial guarantees require the Bank to make certain payments to reimburse the guarantee holder for losses incurred if the specified debtor did not make a timely payment on the original or modified terms of the debt instrument.

Financial guarantees are initially recorded at fair value, confirmed, as a rule, by the amount of the consideration received. This amount is amortized on a straight-line basis over the life of the guarantee. At the end of each reporting period, liabilities are estimated at the largest of (i) the amount of the estimated provision for losses under the guarantee, determined using the model of expected credit losses, and (ii) the remaining unamortized balance of the amount recorded at initial recognition. In addition, in respect of receivables for interest, which is recorded as an asset in the statement of financial position, an estimated reserve for expected credit losses is recognized.

Performance guarantees

Performance guarantees are contracts providing for the receipt of compensation if the other party to the contract does not fulfill the obligation specified in the contract. Such agreements, in addition to credit risk, transfer the non-financial risk of non-fulfillment of the contractual obligation. Performance guarantees are initially recorded at fair value, confirmed, as a rule, by the amount of the consideration received. This amount is amortized on a straight-line basis over the term of the agreement. At the end of each reporting period, performance guarantee contracts are valued at the largest of the amounts of (i) the unamortized balance of the initial recognition amount; and (ii) the amount of damages for the liability determined on the basis of the model of expected losses. If the Bank has the contractual right to apply to the client for reimbursement of the sums paid to settle the contracts of guarantee of fulfillment of obligations, these amounts should be recognized as an asset after the transfer of compensation to the beneficiary under the guarantee. These payments are recognized as fees and commission received in profit or loss.

Settlements with suppliers and other payables

Trade and other payables are accrued if the counterparty has fulfilled its contractual obligations and are carried at amortized cost.

Equity

Ordinary and non-redeemable shares are recognized as an equity. Expenses for payment of services to third parties directly related to the issue of new shares, except for cases of a business combination, are recorded in equity as a decrease in the amount received as a result of this issue. The excess of the fair value of the funds received over the nominal value of the shares issued is recorded as additional capital.

Dividends

Dividends are recognized as liabilities and are deducted from the amount of capital at the end of the reporting period only if they were declared before the end of the reporting period inclusive. Information about dividends is disclosed in a note about events that occurred after the end of the reporting period, if they were announced after the end of the reporting period. Payment of dividends and other distribution of profits is carried out on the basis of the net profit of the current year according to the accounting statements prepared in accordance with the legislation of the Republic of Uzbekistan.

After approval at the general meeting of shareholders, dividends are recorded in the financial statements as a distribution of profits.

Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to the owners of the shares of the Bank by the weighted average number of shares outstanding during the reporting period.

Interest income and expenses calculated using the effective interest method

Interest income and expense for all debt instruments measured at amortized cost and measured at fair value through other comprehensive income are recorded on an accrual basis using the effective interest method. Such a calculation includes in interest income and expenses all commissions and payments paid and received by the parties to the contract and constituting an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Commissions related to the effective interest rate include commissions received or paid by an organization in connection with the formation or acquisition of a financial asset or the issuance of a financial liability (for example, fees for credit rating, valuation or accounting of guarantees, or collateral, for setting the terms of the instrument and for processing of transaction documents).

Commissions for a liability received by the Bank for providing a loan at market rates are an integral part of the effective interest rate if there is a likelihood that the Bank will enter into a specific loan agreement and does not plan to sell the loan within a short period after it is granted. The Bank does not classify a loan commitment as a financial liability at fair value through profit or loss.

With respect to credit assets impaired or financial assets created or acquired, the effective interest rate is the rate that discounts the expected cash flows (including initial expected credit losses) to a fair value upon initial recognition (usually corresponding to the purchase price). As a result, the effective interest rate is adjusted for credit risk.

Interest income is calculated using the effective interest rate on the gross book value of financial assets, except:

- financial assets that have become impaired (Stage 3) and for which interest income is calculated using the effective interest rate to their amortized cost (minus the allowance for expected credit losses);
- created or acquired credit-impaired financial assets for which the initial effective interest rate adjusted for credit risk is applied to the amortized cost.

Commission income and expenses

Commission income and expenses that are an integral part of the effective interest rate on a financial asset or liability are included in the calculation of the effective interest rate.

The Bank recognizes other fees and commission received at the time or as it fulfills its obligation to perform under the contract through the provision of a service to the client.

Other interest income and expenses

Other interest income and expenses are interest income and expenses related to debt instruments estimated at the FVTPL and are recorded on an accrual basis using the nominal interest rate.

Taxation

The income tax expense / reimbursement includes current and deferred taxes and is recorded in the statement of comprehensive income. Tax expenses are recorded in the financial statements in accordance with the requirements of the current legislation of the Republic of Uzbekistan. Current tax payments are calculated on the basis of taxable profit for the year using income tax rates in effect during the reporting period.

Current tax amounts are funds payable to the budget or returned from the budget due to current or previous taxable profits or losses. In the case of permission to issue financial statements prior to the filing of the relevant tax returns, the tax amounts reflected in it are based on estimates.

Deferred income tax is calculated using the balance sheet assets and liabilities method for all taxable losses and temporary differences between the taxable base of assets and liabilities and their carrying amount for financial statements.

Deferred tax amounts are assessed at tax rates that actually entered into force at the end of the reporting period or that are expected to be applied during the period of recovery of temporary differences or use transferred from previous periods of tax losses. Deferred tax assets and liabilities are set off against each other if there is a legally enforceable right to set off current tax assets and liabilities. Deferred tax assets in respect of deductible temporary differences and tax losses are recorded to the extent that it is probable that sufficient taxable profit will be earned against which the indicated deductions may be used. Management judgment is required to determine the amount of deferred tax assets that can be recognized in the financial statements based on the likely timing and amount of future taxable profits, as well as future tax planning strategies. Deferred tax amounts are assessed at tax rates that actually entered into force at the end of the reporting period or that are expected to be applied during the period of recovery of temporary differences or use transferred from previous periods of tax losses. Deferred tax assets and liabilities are set off against each other if there is a legally enforceable right to set off current tax assets and liabilities. Deferred tax assets in respect of deductible temporary differences and tax losses are recorded to the extent that it is probable that sufficient taxable profit will be earned against which the indicated deductions may be used. Management judgment is required to determine the amount of deferred tax assets that can be recognized in the financial statements based on the likely timing and amount of future taxable profits, as well as future tax planning strategies.

In addition, in the Republic of Uzbekistan there are various operating taxes applicable to the Bank. These taxes are recorded in the statement of comprehensive income as part of operating expenses.

Netting

Financial assets and liabilities are mutually offset, and the statement of financial position reflects the net present value only when there is a statutory right to offset the recorded amounts, as well as the intention to either offset or realize the asset and settle the liability simultaneously. The right to set-off (a) should not be conditional on a future event and (b) should be legally binding in all of the following circumstances: (i) in the ordinary course of business, (ii) in the event of default and (iii) in case of insolvency or bankruptcy.

Employee remuneration and social security contributions

On the territory of the Republic of Uzbekistan, the Bank makes deductions on the unified social tax. These deductions are also recorded on an accrual basis. The unified social tax includes contributions to the Pension Fund. The Bank does not have its own pension scheme. Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued as the Bank provides relevant services.

Segment information

Operating segments are allocated on the basis of internal reports on the components of the Bank that are regularly reviewed by the chief executive officer who is responsible for making decisions on operational activities in order to allocate resources to the segments and evaluate the results of their operations.

The Bank estimates information about reportable segments in accordance with IFRS. The reporting operating segment is distinguished when one of the following quantitative requirements is met:

- its revenue from sales to external customers and from operations with other segments is at least 10 percent of the total revenue - external and internal - of all operating segments; or
- the absolute figure of profit or loss is at least 10 percent of the largest of (i) the cumulative profit of all operating segments that did not show a loss, and (ii) the cumulative loss of all operating segments that showed a loss; or
- its assets comprise at least 10 percent of the total assets of all operating segments.
- its assets and liabilities represent at least 10 percent of total capital.

In case the total revenue from external sales shown by the operating segments is less than 75 percent of the organization's revenue, additional operating segments are highlighted as reporting ones (even if they do not meet the quantitative criteria above) until the reported segments will include at least 75 percent of the Bank's revenue.

Foreign currency

Transactions in foreign currencies are initially translated into the functional currency at the exchange rate of the CBU as at the date of the transaction. Gains and losses arising from the translation of transactions in foreign currencies are recorded in the statement of comprehensive income in the income row, less costs from revaluation of foreign currency. Non-monetary items recorded at actual value in a foreign currency are translated using the exchange rate of the CBU as at the date of the transaction. Non-monetary items recorded at fair value in a foreign currency are translated at the exchange rate at the date when the fair value was determined.

At the date of the financial statements, the assets and liabilities of the Bank, the functional currency of which differs from the presentation currency of the Bank, are translated into UZS at the exchange rate at the reporting date, and their income statements are translated at the weighted average annual rate. The exchange differences arising from this translation are reflected in other comprehensive income. Upon the disposal of a subsidiary or associate whose functional currency differs from the presentation currency of the Bank, the total amount recognized in other comprehensive income attributable to this entity is reclassified from other comprehensive income to profit or loss of the reporting period.

Gold, silver and other precious metals are recorded in accordance with the purchase rates officially established by the CBU. Changes in the purchase prices of the Central Bank of Uzbekistan are recorded as exchange differences in income less expenses from revaluation of foreign currency in the statement of comprehensive income.

(in thousands UZS)

7 Cash and cash equivalents

	31 December 2024	31 December 2023
Cash and cash equivalents measured at amortised cost	573 127 294	277 435 933
Cash and cash equivalents measured at fair value through profit or loss	-	-
Total cash and cash equivalents	**573 127 294**	**277 435 933**

Cash and cash equivalents measured at amortised cost

	31 December 2024	31 December 2023
Cash on hand	138 734 209	116 893 422
Current account balances in CBU	245 146 673	107 383 216
Current account balances in other banks	129 183 203	55 989 751
Term deposits with other banks placed for up to 90 days	65 809 762	-
Provision for credit losses	(5 746 553)	(2 830 456)
Total cash and cash equivalents measured at amortized cost	**573 127 294**	**277 435 933**

As of 31 December 2024, and 2023, the Bank has no balances on accounts and deposits in which cash balances exceed 10% of the Bank's capital.

The table below provides an analysis of the credit quality of cash and cash equivalents measured at amortized cost based on credit ratings as of 31 December 2024. A description of the Bank's credit risk classification system is provided in Note 29. The carrying amount of cash and cash equivalents balances as of 31 December 2024 in the table below also represents the Bank's maximum exposure to credit risk for these assets:

	Minimum credit risk	Low credit risk	Average credit risk	High credit risk	Total
Current account balances in CBU	-	245 146 673	-	-	245 146 673
Current account balances in other banks	4 336 413	75 917 570	48 886 781	42 439	129 183 203
Term deposits with other banks placed for up to 90 days	-	65 809 762	-	-	65 809 762
Provision for credit losses	(2 442)	(4 279 067)	(1 422 605)	(42 439)	(5 746 553)
Total cash and cash equivalents measured at amortized cost, excluding cash on hand	**4 333 971**	**382 594 938**	**47 464 176**	**-**	**434 393 085**

The table below provides an analysis of cash and cash equivalents by credit quality as at 31 December 2023:

	Minimum credit risk	Low credit risk	Average credit risk	High credit risk	Total
Current account balances in CBU	-	107 383 216	-	-	107 383 216
Current account balances in other banks	606 889	55 334 022	-	48 840	55 989 751
Provision for credit losses	(285)	(2 826 786)	-	(3 385)	(2 830 456)
Total cash and cash equivalents measured at amortized cost, excluding cash on hand	**606 604**	**159 890 452**	**-**	**45 455**	**160 542 511**

The values of credit ratings in the table above are determined based on the rating scale of international rating agencies.

The table below provides a reconciliation of opening balances of provision for credit losses on cash and cash equivalents measured at amortized cost, disaggregated by category. An approach to measuring expected credit losses is disclosed in Note 29.

(in thousands UZS)

	Stage 1	Stage 2	Total
Balance as at 1 January 2023	**1 737 606**	**7 547**	**1 745 153**
Creation of a provision for credit losses	1 089 465	-	1 089 465
Recovery of a provision for credit losses	-	(4 162)	(4 162)
Balance as at 31 December 2023	**2 827 071**	**3 385**	**2 830 456**
Creating a reserve for credit losses	2 877 043	39 054	2 916 097
Balance as at 31 December 2024	**5 704 114**	**42 439**	**5 746 553**

8 Loans and advances to customers

	31 December 2024	31 December 2023
Loans and advances to customers measured at amortised cost	6 979 212 791	4 940 722 562
Loans and advances to customers measured at fair value through profit or loss	5 486 797	7 261 240
Total loans and advances to customers	**6 984 699 588**	**4 947 983 802**

Loans and advances to customers measured at amortised cost

The structure of risk concentration of the client loan portfolio by sectors of the economy:

	31 December 2024	31 December 2023
Induviduals	5 309 038 506	3 857 730 641
Trade	814 323 391	520 734 344
Services	470 068 751	266 879 231
Industry	262 692 942	157 829 446
Construction	116 395 006	82 825 561
Transport and communications	98 362 161	71 614 410
Agriculture and food industry	55 852 153	49 978 379
Provision for credit losses	(152 169 198)	(66 869 450)
Total loans and advances to customers measured at amortized cost	**6 979 212 791**	**4 940 722 562**

As of 31 December 2024, the Bank has one customer loan balance of 166 522 409 thousand UZS where the loan balance exceeds 10% of the Bank's equity.

As of 31 December 2023, the Bank has one customer loan balance of 124 498 189 thousand UZS where the loan balance exceeds 10% of the Bank's equity.

The tables below provide an analysis of the credit quality of loans to customers measured at amortized cost provided by the Bank as of 31 December 2024. Description of terms 12 month expected credit losses, lifetime expected credit losses in Note 29. The credit quality analysis of loans presented in the tables below is based on the credit quality scale of borrowers developed by the Bank.

Summary	Stage 1	Stage 2	Stage 3	Total
Minimum credit risk	6 779 881 731	106 710 326	138 368 564	7 024 960 621
Low credit risk	-	-	665 775	665 775
Average credit risk	-	-	102 329 155	102 329 155
High credit risk	-	-	3 425 928	3 425 928
Default assets	-	-	510	510

(in thousands UZS)

Total gross book value of loans and advances to customers	**6 779 881 731**	**106 710 326**	**244 789 932**	**7 131 381 989**
Provision for credit losses	(48 271 083)	(1 916 847)	(101 981 268)	(152 169 198)
Total loans and advances to customers	**6 731 610 648**	**104 793 479**	**142 808 664**	**6 979 212 791**

Legal entities	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Minimum credit risk	1 778 416 270	11 166 405	30 362 704	1 819 945 379
Average credit risk	-	-	2 398 104	2 398 104
Total gross book value of loans to legal entities	**1 778 416 270**	**11 166 405**	**32 760 808**	**1 822 343 483**
Provision for credit losses	(30 467 694)	(253 384)	(16 308 217)	(47 029 295)
Total loans to legal entities	**1 747 948 576**	**10 913 021**	**16 452 591**	**1 775 314 188**

Individuals	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Minimum credit risk	5 001 465 461	95 543 921	108 005 860	5 205 015 242
Low credit risk	-		665 775	665 775
Average credit risk	-	-	99 931 051	99 931 051
High credit risk	-	-	3 425 928	3 425 928
Default assets	-	-	510	510
Total gross book value of loans to individuals	**5 001 465 461**	**95 543 921**	**212 029 124**	**5 309 038 506**
Provision for credit losses	(17 803 389)	(1 663 463)	(85 673 051)	(105 139 903)
Total loans to individuals	**4 983 662 072**	**93 880 458**	**126 356 073**	**5 203 898 603**

The tables below provide an analysis of the credit quality of loans to customers, measured at amortized cost, provided by the Bank as at 31 December 2023:

Summary	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Minimum credit risk	4 933 187 981	5 736 245	1 834 036	4 940 758 262
Low credit risk	-	20 698 548	9 977 657	30 676 205
Average credit risk	-	-	11 989 711	11 989 711
High credit risk	-	-	16 759 777	16 759 777
Default assets	-	-	7 408 057	7 408 057
Total gross book value of loans and advances to customers	**4 933 187 981**	**26 434 793**	**47 969 238**	**5 007 592 012**
Provision for credit losses	(38 311 207)	(2 843 129)	(25 715 114)	(66 869 450)
Total loans and advances to customers	**4 894 876 774**	**23 591 664**	**22 254 124**	**4 940 722 562**

Legal entities	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Minimum credit risk	1 123 976 365	4 750 317	1 373 111	1 130 099 793
Low credit risk	-	-	3 367 973	3 367 973
Average credit risk	-	-	1 372 347	1 372 347
High credit risk	-	-	7 721 280	7 721 280
Default assets	-	-	7 299 978	7 299 978
Total gross book value of loans to legal entities	**1 123 976 365**	**4 750 317**	**21 134 689**	**1 149 861 371**
Provision for credit losses	(21 997 809)	(1 390 990)	(9 706 080)	(33 094 879)
Total loans to legal entities	**1 101 978 556**	**3 359 327**	**11 428 609**	**1 116 766 492**

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

Individuals	Stage 1	Stage 2	Stage 3	Total
Minimum credit risk	3 809 211 616	985 928	460 925	3 810 658 469
Low credit risk	-	20 698 548	6 609 684	27 308 232
Average credit risk	-	-	10 617 364	10 617 364
High credit risk	-	-	9 038 497	9 038 497
Default assets	-	-	108 079	108 079
Total gross book value of loans to individuals	**3 809 211 616**	**21 684 476**	**26 834 549**	**3 857 730 641**
Provision for credit losses	(16 313 398)	(1 452 139)	(16 009 034)	(33 774 571)
Total loans to individuals	**3 792 898 218**	**20 232 337**	**10 825 515**	**3 823 956 070**

Analysis of the movement of the provision for credit losses on loans to customers, measured at amortized cost for 2024 is presented below:

Summary

	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	**38 311 207**	**2 843 129**	**25 715 114**	**66 869 450**
Transfer to Stage 1	5 234 310	(518 483)	(4 715 827)	-
Transfer to Stage 2	(413 415)	973 322	(559 907)	-
Transfer to Stage 3	(704 316)	(977 070)	1 681 386	-
Net expense from the creation / (recovery) of provision for credit losses within one stage	5 843 297	(404 051)	79 860 502	85 299 748
- including new loans issued	*23 270 716*	*85 566*	*45 102 869*	*68 459 151*
Balance as at 31 December 2024	**48 271 083**	**1 916 847**	**101 981 268**	**152 169 198**

Legal entities

	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	**21 997 809**	**1 390 990**	**9 706 080**	**33 094 879**
Transfer to Stage 1	719 457	-	(719 457)	-
Transfer to Stage 2	(197 526)	197 526	-	-
Transfer to Stage 3	(145 129)	(607 183)	752 312	-
Net expense from the creation / (recovery) of provision for credit losses within one stage	8 093 083	(727 949)	6 569 282	13 934 416
- including new loans issued	*23 270 716*	85 566	12 401 851	*35 758 133*
Balance as at 31 December 2024	**30 467 694**	**253 384**	**16 308 217**	**47 029 295**

Individuals

	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	**16 313 398**	**1 452 139**	**16 009 034**	**33 774 571**
Transfer to Stage 1	4 514 853	(518 483)	(3 996 370)	-
Transfer to Stage 2	(215 889)	775 796	(559 907)	-
Transfer to Stage 3	(559 187)	(369 887)	929 074	-
Net expense from the creation / (recovery) of provision for credit losses within one stage	(2 249 786)	323 898	73 291 220	71 365 332
- including new loans issued	-	-	*32 701 018*	*32 701 018*
Balance as at 31 December 2024	**17 803 389**	**1 663 463**	**85 673 051**	**105 139 903**

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

Analysis of the movement of the provision for credit losses on loans to customers, measured at amortized cost for 2023 is presented below:

Summary

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	**33 684 243**	**3 679 981**	**11 420 169**	**48 784 393**
Transfer to Stage 1	3 853 092	(3 586 658)	(266 434)	-
Transfer to Stage 2	(178 243)	178 243	-	-
Transfer to Stage 3	(50 940)	(294 855)	345 795	-
Net expense from the creation / (recovery) of provision for credit losses within one stage	1 003 055	2 866 418	14 215 584	18 085 057
- including new loans issued	*17 965 447*	1 199 444	12 896 491	*32 061 382*
Balance as at 31 December 2023	**38 311 207**	**2 843 129**	**25 715 114**	**66 869 450**

Legal entities

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	**27 281 485**	**3 612 039**	**9 377 563**	**40 271 087**
Transfer to Stage 1	3 539 152	(3 539 152)	-	-
Transfer to Stage 2	(154 940)	154 940	-	-
Transfer to Stage 3	-	(290 655)	290 655	-
Net expense from the creation / (recovery) of provision for credit losses within one stage	(8 667 888)	1 453 818	37 862	(7 176 208)
- including new loans issued	*6 384 705*	-	-	*6 384 705*
Balance as at 31 December 2023	**21 997 809**	**1 390 990**	**9 706 080**	**33 094 879**

Individuals

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	**6 402 758**	**67 942**	**2 042 606**	**8 513 306**
Transfer to Stage 1	313 940	(47 506)	(266 434)	-
Transfer to Stage 2	(23 303)	23 303	-	-
Transfer to Stage 3	(50 940)	(4 200)	55 140	-
Net expense from the creation / (recovery) of provision for credit losses within one stage	9 670 943	1 412 600	14 177 722	25 261 265
- including new loans issued	*11 580 742*	*1 199 444*	*12 896 491*	*25 676 677*
Balance as at 31 December 2023	**16 313 398**	**1 452 139**	**16 009 034**	**33 774 571**

Information on credit quality for loans as of 31 December 2024 is as follows:

	Loans to legal entities	Loans to individuals	Total
Unexpired	1 802 013 029	4 974 394 768	6 776 407 797
Overdue;			
- with a payment delay of less than 30 days	1 286 714	73 382 309	74 669 023
- with a delay in payment for a period of 30 to 90 days	2 597 271	55 806 917	58 404 188
- with a delay in payment for a period of 90 to 180 days	12 976 945	115 887 056	128 864 001
- with a payment delay of more than 180 days	3 469 524	89 567 456	93 036 980
Total gross book value loans and advances to customers	**1 822 343 483**	**5 309 038 506**	**7 131 381 989**
Provision for credit losses	(47 029 295)	(105 139 903)	(152 169 198)
Total loans and advances to customers	**1 775 314 188**	**5 203 898 603**	**6 979 212 791**

(in thousands UZS)

Information on credit quality for loans as of 31 December 2023 is as follows:

	Loans to legal entities	Loans to individuals	Total
Unexpired	1 132 437 508	3 813 563 290	4 946 000 798
Overdue;			
- with a payment delay of less than 30 days	137 116	3 547 242	3 684 358
- with a delay in payment for a period of 30 to 90 days	300 887	19 577 904	19 878 791
- with a delay in payment for a period of 90 to 180 days	8 151 699	13 412 788	21 564 487
- with a payment delay of more than 180 days	8 834 161	7 629 417	16 463 578
Total gross book value loans and advances to customers	**1 149 861 371**	**3 857 730 641**	**5 007 592 012**
Provision for credit losses	(33 094 879)	(33 774 571)	(66 869 450)
Total loans and advances to customers	**1 116 766 492**	**3 823 956 070**	**4 940 722 562**

All loans were provided to companies operating in the Republic of Uzbekistan.

The following are finance lease receivable and their carried value:

	31 December 2024	31 December 2023
Gross investment in finance leases	13 585 813	20 606 360
Unearned finance lease deferred income	(610 851)	(1 611 457)
Net investment in finance leases	**12 974 962**	**18 994 903**

	Less than 1 year	From 1 to 5 years	Total
Finance lease receivable as at 31 December 2024	**12 684 354**	**901 459**	**13 585 813**
Unearned finance lease income	(590 801)	(20 050)	(610 851)
Carried value of finance lease receivable as at 31 December 2024	**12 093 553**	**881 409**	**12 974 962**

	Less than 1 year	From 1 to 5 years	Total
Finance lease receivable as at 31 December 2023	**15 881 703**	**4 724 657**	**20 606 360**
Unearned finance lease income	(1 384 526)	(226 931)	(1 611 457)
Carried value of finance lease receivable as at 31 December 2023	**14 497 177**	**4 497 726**	**18 994 903**

Loans and advances to customers measured at fair value through profit or loss

The table below provides an analysis of the credit quality of loans and advances to customers measured at fair value through profit or loss provided by the Bank as of 31 December 2024 using the borrower credit quality scale developed by the Bank for loans and advances to customers measured at amortised cost:

(in thousands UZS)

	Commercial loans to legal entities	Consumer and other loans to individuals	Total
Minimum credit risk	4 017 766	1 469 031	5 486 797
Total loans to customers at fair value through profit and loss	**4 017 766**	**1 469 031**	**5 486 797**

The table below provides an analysis of the credit quality of loans and advances to customers measured at fair value through profit or loss provided by the Bank as of 31 December 2023 using the borrower credit quality scale developed by the Bank for loans and advances to customers measured at amortised cost:

	Commercial loans to legal entities	Consumer and other loans to individuals	Total
Minimum credit risk	4 485 890	643 268	5 129 158
Low credit risk	2 132 082	-	2 132 082
Total loans to customers at fair value through profit and loss	**6 617 972**	**643 268**	**7 261 240**

9 Investment financial assets

	31 December 2024	31 December 2023
Securities measured at amortised cost	405 464 072	-
Securities measured at fair value through profit or loss on a mandatory basis	922 876 517	578 104 651
Securities classified as measured at fair value through other comprehensive income – equity instruments	413 821	413 821
Total investment financial assets	**1 328 754 410**	**578 518 472**

Securities measured at amortised cost

	31 December 2024	31 December 2023
Government bonds	407 626 987	-
Provision for credit losses	(2 162 915)	-
Total securities at amortised cost	405 464 072	-

The table below provides an analysis of credit risk on debt securities measured at amortised cost through profit or loss as of 31 December 2024.

	Low credit risk	Total
Government bonds	407 626 987	407 626 987
Provision for credit losses	(2 162 915)	(2 162 915)
Total securities at amortised cost	**405 464 072**	**405 464 072**

(in thousands UZS)

Securities measured at fair value through profit or loss on a mandatory basis

	31 December 2024	31 December 2023
Government bonds	825 425 850	548 926 944
CBU bonds	97 450 667	29 177 707
Total securities at fair value through profit or loss	**922 876 517**	**578 104 651**

The table below presents an analysis of the credit risk of debt securities at fair value through profit or loss as at 31 December 2024.

	Low credit risk	Total
Government bonds	825 425 850	825 425 850
CBU bonds	97 450 667	97 450 667
Total securities at fair value through profit or loss	**922 876 517**	**922 876 517**

The table below provides an analysis of credit risk for debt securities measured at fair value through profit or loss as at 31 December 2023.

	Low credit risk	Total
Government bonds	548 926 944	548 926 944
CBU bonds	29 177 707	29 177 707
Total securities at fair value through profit or loss	**578 104 651**	**578 104 651**

Securities classified as measured at fair value through other comprehensive income - equity instruments

	31 December 2024	31 December 2023
Credit agency "KATM" LLC	413 821	413 821
Total securities classified as measured at fair value through other comprehensive income - equity instruments	**413 821**	**413 821**

10 Property, plant and equipment and intangible assets

Below is the information on the movement of property, plant and equipment and intangible assets as of 31 December 2024:

	Buildings and construction	Office and computer equipment	Assets in the form of right of use	Transpor-tation	Total fixed assets	Intangible assets	Total
Residual value as of 31 December 2023	**12 565 098**	**51 196 095**	**17 692 587**	**104 242**	**81 558 022**	**17 784 168**	**99 342 190**
Initial cost							
Balance 31 December 2023	**13 739 435**	**85 331 101**	**21 223 777**	**3 884 653**	**124 178 966**	**24 733 343**	**148 912 309**
Receipts	24 570 132	24 287 158	34 022 748	377 074	83 257 112	10 616 674	93 873 786
Disposal and write-off	(18 277)	(97 511)	-	(1 730 337)	(1 846 125)	-	(1 846 125)
Balance at 31 December 2024	**38 291 290**	**109 520 748**	**55 246 525**	**2 531 390**	**205 589 953**	**35 350 017**	**240 939 970**
Accumulated depreciation							
Balance at 31 December 2023	**1 174 337**	**34 135 006**	**3 531 190**	**3 780 411**	**42 620 944**	**6 949 175**	**49 570 119**
Depreciation deductions	511 555	14 896 539	2 051 512	410 972	17 870 578	4 969 250	22 839 828
Disposal and write-off	-	(97 511)	-	(1 730 337)	(1 827 848)	-	(1 827 848)
Balance at 31 December 2024	**1 685 892**	**48 934 034**	**5 582 702**	2 461 046	**58 663 674**	**11 918 425**	**70 582 099**
Residual value at 31 December 2024	**36 605 398**	**60 586 714**	**49 663 823**	**70 344**	**146 926 279**	**23 431 592**	**170 357 871**

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

Below is the information on the movement of property, plant and equipment and intangible assets as of 31 December 2023:

	Buildings and construction	Office and computer equipment	Assets in the form of right of use	Transportation	Total fixed assets	Intangible assets	Total
Residual value as of 1 January 2023	**6 102 576**	**20 975 456**	**15 107 490**	**445 168**	**42 630 690**	**4 007 241**	**46 637 931**
Initial cost							
Balance at 1 January 2023	**6 892 573**	**45 901 852**	**17 617 181**	**3 974 961**	**74 386 567**	**6 494 850**	**80 881 417**
Receipts	10 267 643	39 436 297	3 606 596	122 269	53 432 805	18 238 493	71 671 298
Disposal and write-off	(3 420 781)	(7 048)	-	(212 577)	(3 640 406)	-	(3 640 406)
Balance at 31 December 2023	**13 739 435**	**85 331 101**	**21 223 777**	**3 884 653**	**124 178 966**	**24 733 343**	**148 912 309**
Accumulated depreciation							
Balance at 1 January 2023	**789 997**	**24 926 396**	**2 509 691**	**3 529 793**	**31 755 877**	**2 487 609**	**34 243 486**
Depreciation deductions	420 450	9 215 658	1 021 499	463 195	11 120 802	4 461 566	15 582 368
Disposal and write-off	(36 110)	(7 048)	-	(212 577)	(255 735)	-	(255 735)
Balance at 31 December 2023	**1 174 337**	**34 135 006**	**3 531 190**	**3 780 411**	**42 620 944**	**6 949 175**	**49 570 119**
Residual value at 31 December 2023	**12 565 098**	**51 196 095**	**17 692 587**	**104 242**	**81 558 022**	**17 784 168**	**99 342 190**

11 Non-current assets held for sale

	31 December 2024	31 December 2023
Assets received due to repayment of the loan and other assets	3 352 322	1 424 220
Provision for impairment	(317 100)	(875 100)
Total non-current assets held for sale	**3 035 222**	**549 120**

12 Other assets

	31 December 2024	31 December 2023
Other financial assets		
Incomplete bank card operations	61 087 781	-
Commission income receivable	7 323 241	12 867 520
Receivables on Money transfer operations	1 553 530	619 872
Other financial assets	9 114 625	307 734
Less provision for credit losses	(5 643 383)	(909 483)
Total other financial assets	**73 435 794**	**12 885 643**
Other non-financial assets		
Prepayments for services	28 893 875	24 296 635
Prepayments for construction	11 797 319	1 103 361
Prepayments for equipment and goods	1 989 756	3 369 779
Receivable from employees	114 263	3 784
Other non-financial assets	32 020 413	13 549 047
Less impairment provision for other non-financial assets	(8 974 569)	(13 518 914)
Total other non-financial assets	**65 841 057**	**28 803 692**
Total other assets	**139 276 851**	**41 689 335**

(in thousands UZS)

13 Due to other banks

	31 December 2024	31 December 2023
Term deposits of banks	121 895 407	87 900 529
Total due to other banks measured at amortized cost	**121 895 407**	**87 900 529**

14 Customer deposits

	31 December 2024	31 December 2023
State and public organizations		
Demand deposits	129 996 474	66 013 659
Term deposits	987 497 145	692 029 925
Other legal entities		
Demand deposits	555 976 862	529 702 482
Term deposits	511 548 813	378 680 775
Individuals		
Demand deposits	378 437 562	304 224 386
Term deposits	1 251 973 730	830 432 112
Total customer deposits	**3 815 430 586**	**2 801 083 339**

Below is the distribution of customer funds by industry:

	31 December 2024	31 December 2023
Individuals	1 630 411 292	1 134 656 498
State organizations	697 850 000	487 420 000
Services	511 590 618	300 982 568
Financial and insurance services	293 190 272	213 327 302
Trade and other services	235 222 498	120 141 116
Industry	149 224 639	117 383 835
Scientific and educational institutions	136 493 013	105 380 977
Construction	90 471 784	83 021 094
Transport and communications	23 541 251	94 494 492
Agriculture	9 244 503	11 273 111
Other	38 190 716	133 002 346
Total customer deposits	**3 815 430 586**	**2 801 083 339**

As at 31 December 2024, the Bank had one customer with balances totaling 675 303 695 thousand UZS (17,7%), in which the balances exceed 10% of the Bank's equity.

As at 31 December 2023, the Bank had one customer with balances totaling 477 820 000 thousand UZS (17,6%), in which the balances exceed 10% of the Bank's equity.

In accordance with the legislation of the Republic of Uzbekistan, the Bank is obliged to repay the amount of the individual's deposit at the first request of the depositor. In cases where a fixed-term deposit is returned to the depositor at his request before the expiration of the term, interest on the deposit is paid in the amount corresponding to the amount of interest paid by the Bank on demand deposits, unless a different interest rate is stipulated by the agreement.

(in thousands UZS)

15 Other borrowings

	31 December 2024	31 December 2023
Other borrowings measured at amortized cost	3 088 106 320	1 844 291 963
Other borrowings measured at fair value through profit or loss	507 054 088	179 069 725
Total other borrowings	**3 595 160 408**	**2 023 361 688**

Other borrowings measured at amortized cost

	31 December 2024	31 December 2023
BlueOrchard Microfinance	670 942 890	653 647 318
FMO NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V.	530 205 520	-
SYMBIOYICS SA	400 199 792	296 069 494
DEG - Deustche Investition	315 338 760	-
European Bank for Reconstruction and Development	270 218 136	124 911 657
RESPONSABILITY SICAV	261 138 193	185 503 125
International Finance Corporation (IFC)	184 334 832	246 739 661
DWM Developing Market	160 528 720	193 628 580
PROPARCO	127 336 960	-
Asian Development Bank	96 508 930	103 535 200
ODDO BHF	32 475 605	-
International Development Association	27 199 164	28 029 220
Fund for Financing State Development Programs	10 306 597	10 306 597
JSCB "Promstroybank"	1 372 221	1 921 111
Total other borrowings measured at amortized cost	**3 088 106 320**	**1 844 291 963**

Other borrowings measured at fair value through profit or loss

	31 December 2024	31 December 2023
Securities sold under REPO transactions to CBU	-	133 997 348
Securities sold under REPO transactions to other banks	507 054 088	45 072 377
Total other borrowings measured at fair value through profit or loss	**507 054 088**	179 069 725

16 Subordinated loans

	31 December 2024	31 December 2023
BlueOrchard Microfinance Fund	303 631 280	67 863 235
SYMBIOTICS SA	45 221 680	43 185 695
Total subordinated loans	**348 852 960**	**111 048 930**

17 Other liabilities

	31 December 2024	31 December 2023
Other financial liabilities		
Finance lease liabilities	54 309 505	20 431 959
Accounts payable	20 584 275	13 756 337
Accrued expenses for the payment of remuneration to staff	2 616 715	4 230 356
Incomplete bank card operations	3 695	15 618 846
Dividends payable	-	10 000 000
Payable on Money transfer operations	-	163 119
Other financial liabilities	-	78 667
Total other financial liabilities	**77 514 190**	**64 279 284**
Other non-financial liabilities		
Taxes payable, excluding income tax	10 127 571	8 408 052
Provision for credit losses on credit commitments and other contingent liabilities	1 029 988	808 035
Deferred fee and commission income	2 220	242 220
Total other non-financial liabilities	**11 159 779**	**9 458 307**
Total other liabilities	**88 673 969**	**73 737 591**

18 Share capital and capital introduced

The declared, issued and fully paid share capital includes the following components:

	The number of shares	Ordinary shares, in thousands UZS	Total
1 January 2023	**80 000 000**	**400 000 000**	**400 000 000**
Issue of new shares	-	-	0
31 December 2023	**80 000 000**	**400 000 000**	**400 000 000**
Issue of new shares	20 000 000	100 000 000	100 000 000
31 December 2024	**100 000 000**	**500 000 000**	**500 000 000**

On 31 December 2024, the total number of authorized ordinary shares is 100 000 thousand shares (31 December 2023:80 000 thousand shares), with a par value of 5,000 UZS per share. Each share entitles one vote.

Share premium represents the amount by which contributions to capital exceed the nominal value of shares issued.

	Capital introduced
1 January 2023	**266 448**
Issue of new shares	-
31 December 2023	**266 448**
Issue of new shares	-
31 December 2024	**266 448**

(in thousands UZS)

19 Interest income and expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023
Interest income calculated at the effective interest rate		
Cash and cash equivalents	292 123	961 426
Due from other banks	1 873 136	658 662
Loans and advances to customers	1 593 499 516	997 729 481
Investment financial assets	79 287 306	-
Total interest income calculated at the effective interest rate	**1 674 952 081**	**999 349 569**
Other interest income		
Loans and advances to customers	6 635 242	7 970 291
Investment financial assets	73 891 969	75 299 611
Other assets	25 509 992	42 273 545
Total other interest income	**106 037 203**	125 543 447
Interest expense calculated at the effective interest rate		
Due to other banks	17 429 607	31 684 421
Customer deposits	500 204 954	294 242 514
Subordinated loans	14 176 121	9 617 946
Other borrowings	452 046 888	247 686 688
Total interest expense calculated at the effective interest rate	**983 857 570**	**583 231 569**
Other interest expenses		
Issued debt securities	31 779 978	8 492 291
Lease liabilities	5 678 596	4 040 622
Other borrowings	99 948	169
Total other interest expenses	**37 558 522**	**12 533 082**
Net interest income	**759 573 192**	**529 128 365**

20 Commission income and expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023
Commission income		
Settlement operations	39 649 828	85 141 583
Bank Card operations	59 935 588	46 539 159
Cash operations	41 645 969	22 605 484
Account Management (Interactive Services)	23 714 241	19 923 951
Customer transactions with foreign currency	10 579 794	9 392 592
Commission on Currency Conversion and Exchange operations	4 414 560	2 413 792
Commissions for documentary operations and other credit commitments	234 388	160 402
Other	-	55
Total commission income	**180 174 368**	**186 177 018**
Commission expenses		
Bank Card operations	88 272 146	60 283 210
Scoring analysis services	18 651 321	2 940 321
Commissions for documentary operations and other credit commitments	8 690 581	3 656 584
Settlement operations	8 036 462	4 345 068
Customer transactions with foreign currency	4 411 227	5 249 637
Cash collection services	2 003 013	893 986
Collateral registry services	862 462	769 939
Commissions on operations with securities	212 643	26 846

(in thousands UZS)

Other	-	1 290 513
Total commission expenses	**131 139 855**	**79 456 104**
Net commission income	**49 034 513**	**106 720 914**

21 Other operating income

	For the year ended 31 December 2024	For the year ended 31 December 2023
Dividends	921 174	673 642
Income from lease of property, plant and equipment	643 970	610 290
Income from the sale of collateral assets	18 122	70 871
Fines and penalties	289 399	185 373
Other	-	63 033
Total other operating income	**1 872 665**	**1 603 209**

22 Administrative and other operating expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023
Salary and bonuses	185 199 655	162 667 214
Other employee rewards	6 250 538	542 266
Single social payment	22 242 692	20 078 351
Staff costs	**213 692 885**	**183 287 831**
Depreciation	22 839 828	15 582 368
Membership fee	13 053 729	8 752 740
Advertisement	11 406 389	8 056 708
Security	10 637 855	8 542 960
Stationery	9 795 410	6 473 605
Communication	6 895 663	6 545 279
Maintenance software	5 149 120	11 624 617
Insurance	4 864 335	9 168 187
Legal fees and expenses	3 682 278	491 120
Utilities	2 330 955	928 537
Professional services	4 516 003	15 431 405
Repairs	1 449 397	758 670
Travel expenses	1 126 801	583 969
Rent	773 160	881 638
Loss on sale of property, plant and equipment	527 674	997
Other taxes other than income tax	467 492	397 098
Charity and sponsorship expenses	423 500	14 338 724
Vehicle maintenance costs	389 108	230 701
Fines and penalties	141 927	171 907
Representation expenses	94 663	208 231
Other	5 153 469	-
Total other operating expenses	**105 718 756**	**109 169 461**
Total staff costs and other operating expenses	**319 411 641**	**292 457 292**

The cost of audit services for 2024 amounted to 1 200 300 thousand UZS (2023: 760 000 thousand UZS).

(in thousands UZS)

23 Income tax

Components of income tax expense

Income tax expense includes the following components:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Current income tax expense	67 013 228	80 906 149
Deferred taxation	(10 665 985)	(13 804 541)
Income tax expense for the year	**56 347 243**	**67 101 608**

Reconciliation of tax expenses and profit or loss multiplied by the applicable tax rate

For 2024 and 2023, the income tax rate applicable to the majority of the Bank's profits, corporate income tax is 20 percent, respectively.

The following is a comparison of theoretical tax expenses with actual tax expenses:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Income before tax	**423 207 986**	**378 419 818**
Theoretical tax deductions at the statutory rate - 20%	84 641 597	75 683 964
Tax effects of income or expenses that are not deductible for tax purposes:		
- non-taxable income	(28 294 354)	(8 582 356)
Income tax expense for the year	**56 347 243**	**67 101 608**

Deferred tax analysis by type of temporary differences

Differences between IFRS and tax legislation of the Republic of Uzbekistan lead to the emergence of temporary differences between the book value of assets and liabilities for the purpose of preparing consolidated financial statements and for the purpose of calculating income tax.

The tax consequences of the movement of these temporary differences for 2024, which are recorded at a rate of 20 percent, are detailed below:

	31 December 2024	Restored / (allocated) to profit and loss account	31 December 2023
Tax effects of temporary differences that reduce / (increase) the tax base			
Cash and cash equivalents	1 158 638	15 277	1 173 915
Loans and advances to customers	23 530 134	(4 593 413)	18 936 721
Investment financial assets	432 583	(439 109)	(6 526)
Property, plant and equipment and intangible assets	2 751 433	(1 126 826)	1 624 607
Other borrowings	826 735	(1 053 994)	(227 259)
Other assets	6 349 021	(1 819 732)	4 529 289
Other liabilities	(597 068)	(1 648 187)	(2 245 255)
Net deferred tax assets	**34 451 476**	**(10 665 984)**	**23 785 492**
Recognized deferred tax assets	35 048 545	(8 784 013)	26 264 532
Recognized deferred tax liabilities	(597 068)	(1 881 972)	(2 479 040)
Net deferred tax (liability) / assets	**34 451 476**	**(10 665 984)**	**23 785 492**

The tax consequences of the movement of these temporary differences for 2023, which are recorded at a rate of 20 percent, are detailed below:

(in thousands UZS)

	31 December 2023	Restored / (allocated) to profit and loss account	1 January 2023
Tax effects of temporary differences that reduce / (increase) the tax base			
Cash and cash equivalents	1 173 915	(555 473)	618 442
Loans and advances to customers	18 936 721	(11 095 210)	7 841 511
Investment financial assets	(6 526)	19 084	12 558
Property, plant and equipment and intangible assets	1 624 607	(1 038 393)	586 214
Other borrowings	(227 259)	716 771	489 512
Other assets	4 529 289	(565 225)	3 964 064
Other liabilities	(2 245 255)	(1 286 095)	(3 531 350)
Net deferred tax assets	**23 785 492**	**(13 804 541)**	**9 980 951**
Recognized deferred tax assets	26 264 532	(12 752 231)	13 512 301
Recognized deferred tax liabilities	(2 479 040)	(1 052 310)	(3 531 350)
Net deferred tax (liability) / assets	**23 785 492**	**(13 804 541)**	**9 980 951**

24 Earnings per share

Basic earnings per share are calculated by dividing the net income on ordinary shares to the weighted average number of ordinary shares outstanding during the year less the average number of ordinary shares repurchased by the Bank from shareholders.

The Bank does not have ordinary shares potentially diluting earnings per share. Thus, diluted earnings per share equal basic earnings per share.

	For the year ended 31 December 2024	For the year ended 31 December 2023
Income for the year attributable to ordinary shareholders	366 860 743	311 318 210
Net income for the period attributable to shareholders (thousand UZS)	**366 860 743**	**311 318 210**
Weighted average number of ordinary shares outstanding during the period (pcs)	81 041 096	80 000 000
Basic and diluted earnings / (loss) per ordinary share (pcs / UZS)	**4 526,85**	**3 891,48**

25 Contingent financial liabilities

25.1 Issurance

The Bank did not provide full insurance of property, plant and equipment, insurance in case of business interruption, or in respect of third-party liability in terms of property or environmental damage arising from equipment malfunction or in connection with the Bank's core business. Until the Bank is able to obtain adequate insurance coverage, there is a risk that the loss or damage to its assets could have a material adverse effect on the Bank's operations and financial condition.

25.2 Legal issues

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the possible liabilities (if any) arising from such actions or complaints will not have a material adverse effect on the financial position or the results of future operations of the Bank.

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

25.3 Tax legislation

Tax and customs legislation, as well as legislation in the sphere of currency regulation of the Republic of Uzbekistan, admit the possibility of different interpretations and are subject to frequent changes. Moreover, the regulations issued by various government bodies may contradict each other. Management's interpretation of the legislation applied to the operations and the relevant authorities may challenge activities of the Bank. The Uzbek tax authorities may take a tougher stance in interpreting legislation and assessing accruals, and there is a possibility that operations and activities that have not been challenged in the past will be challenged. As a result, significant amounts of additional taxes, penalties and interest may be assessed. Tax periods remain open for review by the relevant tax authorities for tax payments for five calendar years. previous year for which the audit is carried out. In some cases, checks may cover longer periods.

The management of the Bank believes that its interpretation of the relevant legislation is correct and that the Bank's tax, currency and customs positions will be confirmed. Accordingly, as at 31 December 2024 and 31 December 2023, management did not form a reserve for potential tax liabilities. The Bank estimates that there are no potential tax liabilities, except for unlikely.

25.4 Credit commitment

The main purpose of these tools is to ensure the provision of funds to customers as needed. Guarantees and guarantee letters of credit, which represent irrevocable obligations of the Bank to make payments in the event that a client fails to fulfill its obligations to third parties, have the same level of credit risk as loans. Documentary and commodity letters of credit, which are written obligations of the Bank to make payments on behalf of clients within the agreed amount when certain conditions are met, are secured by appropriate supplies of goods or cash deposits and, accordingly, have a lower level of risk than direct lending.

In addition to credit-related obligations, the Bank issues guarantees of proper performance of obligations. Guarantees of proper performance of obligations are insurance contracts that provide for compensation in the event of the inability of the other party to fulfill the contractual obligation. Such contracts, in addition to credit risk, transfer non-financial risk of default. The risk under contracts for ensuring proper performance of obligations is the probability of an insured event occurring (that is, non-fulfillment of contractual obligations by the other party). The main risks of the Bank are significant changes in the frequency and amount of payments arising under such agreements, as compared with the forecast. The Bank uses historical data and statistical methods to predict the amount of such payments. Claims should be sent before the expiration of the contract, and most claims are subject to settlement in the short term. This enables the Bank to provide a high degree of confidence with respect to the planned payments and, consequently, future cash flows. The Bank manages such risks by constantly monitoring the level of payments for such products and is able to adjust commission fees in the future based on the experience of changing insurance claims payments on claims. The Bank has a process for processing claims for insurance claims for claims that provides for the right to review claims and reject falsified or non-compliant claims.

The table below provides credit commitments and guarantees for the proper performance:

	31 December 2024	31 December 2023
Guarantees issued	1 575 088	1 361 095
Loan commitment	28 714 249	30 683 204
Total credit commitments before deducting provision for credit losses	**30 289 337**	**32 044 299**
Less provision for credit losses	(1 029 988)	(808 035)
Total credit commitments	**29 259 349**	**31 236 264**

(in thousands UZS)

26 Related party transactions

For the purposes of compiling these consolidated financial statements, the parties are considered related if one of them has the ability to control the other or have a significant influence on the other party's financial and operational decisions, as set out in IAS 24 "Related Party Disclosures". When considering all possible relationships with related parties, the economic content of such relationships, and not only their legal form, is taken into account.

In the normal course of business, the Bank conducts transactions with its main shareholders, managers, and other parties. These operations include settlements, loans, deposit taking, guarantees, financing of trade operations and foreign currency transactions. According to the Bank's policy, all transactions with related parties are carried out under the same conditions as transactions with independent parties.

Below are the balances of assets and liabilities with related parties at the reporting date:

	31 December 2024		31 December 2023	
	Shareholders	Other related parties	Shareholders	Other related parties
Assets				
Loans and advances to customers	157 270	2 203 303	-	879 766
Liabilities				
Customer deposits	35 021 397	3 485 804	101 861 000	467 000

Below are the accrued income and expenses with related parties for the period:

	For the year ended 31 December 2024		For the year ended 31 December 2023	
	Shareholders	Other related parties	Shareholders	Other related parties
Income and expenses				
Interest income calculated at the effective interest rate	42 245	440 719	-	214 914
Interest expenses calculated at the effective interest rate	1 722 221	266 395	24 025 901	10 723
Administrative and other operating expenses	3 212 419	16 535 773	1 564 974	9 595 155
- Remuneration of key management personnel	3 212 419	16 535 773	1 564 974	9 595 155

27 Fair value

Fair value is defined as the price at which an instrument can be exchanged as part of a current transaction between interested parties wishing to close a transaction on market terms, with the exception of a forced sale or liquidation. The best confirmation of the fair value is the quotation of a financial instrument in an active market. Since for the majority of financial instruments the Bank does not have a liquid market, their fair value should be determined based on the existing market conditions and specific risks associated with a specific instrument. The estimates presented below may not correspond to the amounts that the Bank is able to receive upon the market sale of the entire available package of a specific instrument.

The Bank uses the following hierarchy to determine and disclose the fair value of financial instruments depending on the valuation methodologies:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: methodologies in which all inputs that significantly affect fair value are directly or indirectly observed on the open market; and

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

- Level 3: methodologies that use inputs that significantly affect fair value, not based on data observed on the open market.

The table below shows the analysis of assets recorded in the consolidated financial statements at fair value, by level of assessment hierarchy as at 31 December 2024:

	Level 1	Level 2	Level 3	Book value
Financial assets measured at fair or revaluated value				
Loans and advances to customers	-	-	**5 486 797**	**5 486 797**
Commercial loans to legal entities	-	-	4 017 766	4 017 766
Consumer and other loans to individuals	-	-	1 469 031	1 469 031
Investment financial assets	**922 876 517**	-	**413 821**	**923 290 338**
Securities measured at fair value through profit or loss on a mandatory basis	922 876 517	-	-	922 876 517
Securities classified as measured at fair value through other comprehensive income – equity instruments	-	-	413 821	413 821

The table below shows an analysis of assets recorded at fair value in financial statements, broken down by levels of assessment hierarchy as at 31 December 2023:

	Level 1	Level 2	Level 3	Book value
Loans and advances to customers	-	-	**7 261 240**	**7 261 240**
Commercial loans to legal entities	-	-	6 617 972	6 617 972
Consumer and other loans to individuals	-	-	643 268	643 268
Investment financial assets	**578 104 651**	-	**413 821**	**578 518 472**
Securities measured at fair value through profit or loss on a mandatory basis	578 104 651	-	-	578 104 651
Securities classified as measured at fair value through other comprehensive income – equity instruments	-	-	413 821	413 821

The table below shows an analysis of assets measured at amortized cost, recorded at fair value in financial statements, broken down by levels of assessment hierarchy as at 31 December 2024:

	Level 1	Level 2	Level 3	Book value
Financial assets measured at amortized cost				
Cash and cash equivalents	**138 734 209**	**440 139 638**	-	**578 873 847**
Cash on hand	138 734 209	-	-	138 734 209
Current account balances in CBU	-	245 146 673	-	245 146 673
Current account balances in other banks	-	129 183 203	-	129 183 203
Term deposits with other banks placed for up to 90 days	-	65 809 762	-	65 809 762
Loans and advances to customers	-	-	**7 131 381 989**	**7 131 381 989**
Commercial loans to legal entities	-	-	1 822 343 483	1 822 343 483
Consumer and other loans to individuals	-	-	5 309 038 506	5 309 038 506
Investment financial assets	-	-	**405 464 072**	**405 464 072**
Securities measured at amortised cost	-	-	405 464 072	405 464 072
Other financial assets	-	-	**73 435 794**	**73 435 794**

(in thousands UZS)

The table below shows an analysis of liabilities measured at amortized cost, recorded at fair value in financial statements, broken down by levels of assessment hierarchy as at 31 December 2023:

	Level 1	Level 2	Level 3	Book value
Financial assets measured at amortized cost				
Cash and cash equivalents	**116 893 422**	**163 372 967**	-	**280 266 389**
Cash on hand	116 893 422	-	-	116 893 422
Current account balances in CBU	-	107 383 216	-	107 383 216
Current account balances in other banks	-	55 989 751	-	55 989 751
Mandatory reserve in CBU	-	**20 100 774**	-	**20 100 774**
Loans and advances to customers	-	-	**5 007 592 012**	**5 007 592 012**
Commercial loans to legal entities	-	-	1 149 861 371	1 149 861 371
Consumer and other loans to individuals	-	-	3 857 730 641	3 857 730 641
Other financial assets	-	-	**12 885 643**	**12 885 643**

The table below shows an analysis of liabilities recorded at fair value in financial statements, broken down by levels of assessment hierarchy as at 31 December 2024:

	Level 1	Level 2	Level 3	Book value
Financial liabilities measured at fair value or revalued amount				
Other borrowings	**477 197 023**	-	**29 857 065**	**507 054 088**
Securities sold under REPO transactions to other banks	477 197 023	-	29 857 065	507 054 088

The table below shows an analysis of liabilities recorded at fair value in financial statements, broken down by levels of assessment hierarchy as at 31 December 2023:

	Level 1	Level 2	Level 3	Book value
Financial liabilities measured at fair value or revalued amount				
Other borrowings	**179 069 725**	-	-	**179 069 725**
CBU securities sold under REPO agreements	133 997 348	-	-	133 997 348
Securities sold under REPO transactions to other banks	45 072 377	-	-	45 072 377

The table below shows an analysis of liabilities measured at amortized cost, recorded at fair value in financial statements, broken down by levels of assessment hierarchy as at 31 December 2024:

	Level 1	Level 2	Level 3	Book value
Financial liabilities measured at amortized cost				
Due to other banks	**121 895 407**	-	-	**121 895 407**
Term deposits of banks	121 895 407	-	-	121 895 407
Correspondent accounts and overnight deposits of banks	-	-	-	-
Other	-	-	-	-
Customer deposits	-	**1 064 410 898**	**2 751 019 688**	**3 815 430 586**

(in thousands UZS)

Demand deposits	-	1 064 410 898	-	1 064 410 898
Term deposits	-	-	2 751 019 688	2 751 019 688
Subordinated loans	**-**	**-**	**348 852 960**	**348 852 960**
BlueOrchard Microfinance Fund	-	-	303 631 280	303 631 280
SYMBIOTICS SA	-	-	45 221 680	45 221 680
Other borrowings	**-**	**-**	**3 088 106 320**	**3 088 106 320**
Borrowings from other banks	-	-	930 780 413	930 780 413
Borrowings from the Ministry of Finance of the Republic of Uzbekistan	-	-	10 306 597	10 306 597
Borrowings from non-bank financial institutions	-	-	2 147 019 310	2 147 019 310
Other financial liabilities	**-**	**-**	**77 514 190**	**77 514 190**

The table below shows an analysis of liabilities measured at amortized cost, recorded at fair value in financial statements, broken down by levels of assessment hierarchy as at 31 December 2023:

	Level 1	Level 2	Level 3	Book value
Financial liabilities measured at amortized cost				
Due to other banks	**87 900 529**	**-**	**-**	**87 900 529**
Term deposits of banks	87 900 529	-	-	87 900 529
Customer deposits	**-**	**899 940 527**	**1 901 142 812**	**2 801 083 339**
Demand deposits	-	899 940 527	-	899 940 527
Term deposits	-	-	1 901 142 812	1 901 142 812
Subordinated loans	**-**	**-**	**111 048 930**	**111 048 930**
BlueOrchard Microfinance Fund	-	-	67 863 235	67 863 235
SYMBIOTICS SA	-	-	43 185 695	43 185 695
Other borrowings	**-**	**-**	**1 844 291 963**	**1 844 291 963**
Borrowings from other banks	-	-	230 367 967	230 367 967
Borrowings from the Ministry of Finance of the Republic of Uzbekistan	-	-	10 306 597	10 306 597
Borrowings from non-bank financial institutions	-	-	1 603 617 399	1 603 617 399
Other financial liabilities		**-**	**64 279 284**	**64 279 284**

The fair value measurement at Level 2 and Level 3 of the fair value hierarchy was performed using the discounted cash flow model. The fair value of derivatives with floating interest rates, which have no quotations in an active market, was assumed to be equal to the carrying value. The fair value of fixed interest rate instruments that do not have quotations in an active market was estimated based on estimated future cash flows disrupted using current interest rates on the borrowing market for new instruments with similar credit risk and a similar maturity.

For assets, the Bank used assumptions about the incremental rate on borrowed capital and the early repayment rates of the counterparty. Liabilities are discounted at the rate of attraction of additional borrowed funds of the Bank. Obligations to be repaid on demand were discounted starting from the first day of the potential presentation of a claim for repayment of the obligation by the Bank. The Bank's liabilities to customers are subject to the state deposit insurance program, as described in Note 1. The fair value of these liabilities reflects these credit enhancement mechanisms.

28 Capital management

In managing the capital, the Bank has the following objectives: compliance with the capital requirements established by CBU and, in particular, the requirements of the deposit insurance system; ensuring the Bank's ability to function as a continuously operating organization and maintaining the capital base at the level required to ensure the capital adequacy ratio with the requirements of CBU. Monitoring of compliance with the capital adequacy ratio set by CBU is carried out monthly based on forecast and actual data containing relevant calculations, which are checked and approved by the Bank's Management.

(in thousands UZS)

The Bank manages its capital in order to comply with the regulatory capital requirements established by CBU and ensure the continuation of activities as a continuously operating enterprise, maximizing the shareholder's profit by optimizing the ratio of borrowings to equity.

Control over compliance with the capital adequacy ratio established by CBU is carried out using monthly reports containing relevant calculations that are checked and vised by the Chairman of the Board of the Bank.

In accordance with the existing capital requirements established by the CBU, banks maintain the following ratios (unaudited):

- The ratio of capital to risk-weighted assets («capital adequacy ratio») above the mandatory level of 11,35% (31 December 2023: 11,35%);
- The ratio of the Bank's capital Tier 1 to risk-weighted assets («capital adequacy ratio») above the mandatory value of 15,37% (31 December 2023: 15,37%).

The Bank complied with the capital requirements set out above during 2024 and 2023:

	31 December 2024	31 December 2023
Tier 1 Capital	1 269 586 400	825 544 133
Tier 2 Capital	505 032 941	292 136 871
Total regulatory capital	**1 774 619 341**	**1 117 681 004**
Tier 1 capital adequacy ratio	10,51%	11,35%
Capital adequacy ratio	14,69%	15,37%

The total capital is based on the Bank's reports prepared in accordance with the legislation in the field of accounting in Uzbekistan.

29 Risk management

The Bank manages its risks in respect of financial risks (credit, market, currency risks, liquidity and interest rate risks), as well as operational and legal risks. The assessment of accepted risk also serves as the basis for the optimal allocation of capital, taking into account risks, pricing operations and evaluation of performance. The Bank's management should ensure proper compliance with internal regulations and procedures in order to minimize operational and legal risks.

29.1 Credit risk

The Bank assumes credit risk, namely the risk that the counterparty will not be able to fully repay the debt by the due date. The Bank controls credit risk by setting limits for one borrower or a Bank of related borrowers, as well as for industry segments. The Bank regularly monitors such risks; limits are reviewed annually.

Policy to reduce and limit risk. The Bank manages, sets limits and monitors the concentration of credit risk, wherever it is installed - in particular, in relation to individual counterparties and Banks, and in relation to industries. The Bank controls credit risk by setting limits for one borrower or a Bank of related borrowers, as well as setting limits for geographical and industry segments. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to fulfill obligations to pay interest and principal, and, if necessary, by changing credit limits.

Application of IFRS 9: Credit Risk. Expected credit loss model and basic principles of provisioning. The Bank applies the expected credit loss model for reserving financial debt instruments, the key principle of which is the timely reflection of deterioration or improvement in the credit quality of debt financial instruments, taking into account current and forecast information. The amount of expected credit losses recognized as an allowance for credit losses depends on the degree of deterioration in credit quality since the initial recognition of a debt financial instrument.

Depending on the change in credit quality since initial recognition, the Bank classifies financial instruments at one of the following stages:

- Stage 1 - "12-month expected credit losses" - Debt financial instruments for which no significant increase in credit risk was observed, and for which 12-month expected credit losses are calculated.
- Stage 2 - "Expected credit losses for the entire lifetime - non-impaired assets" - Debt financial instruments with a significant increase in credit risk, but not impaired, for which expected credit losses are calculated over the entire life of the financial instrument.
- Stage 3 - "Expected credit losses for the entire lifetime - impaired assets" - impaired debt financial instruments.

For acquired or issued depreciated financial assets, the estimated provision for credit losses is formed in the amount of accumulated changes in the value of expected credit losses for the entire lifetime of the instrument from the moment of acquisition or provision.

Factors indicating a significant increase in credit risk before the asset is recognized as impaired. The main factors indicating a significant increase in credit risk before the asset is recognized as impaired are:

- The presence of overdue debts to the Bank for a period from 31 to 90 days (inclusive);
- Significant changes in the external and internal credit rating resulting from changes in credit risk compared with the moment of initial recognition;
- Deterioration of the internal rating to the level at which the Bank decides to refuse to provide a loan;
- Identification of events that may affect solvency (revocation of a license, presence of claims, violation of credit documentation conditions, etc.).

The main signs of assigning a debt financial instrument to impaired (Stage 3):

- The borrower has delayed the repayment of any debts to the Bank by more than 90 days;
- Default restructuring of debt and / or financial liability for operations in financial markets and expected insolvency;
- Other signs of insolvency, the identification of which leads to the appropriation of a default by the borrower (bankruptcy of the borrower, the expected adoption by the borrower of the decision to liquidate or terminate the activity, the probable non-repayment of the debt by the borrower, etc.)

Credit quality recovery. The improvement in the borrower's credit quality, which at the previous reporting dates revealed a significant increase in credit risk to the level of risk related to the first stage, is determined on the basis of an estimate of the change in credit risk at the reporting date compared to the initial recognition.

Credit quality is restored from the impaired level to the level of risk related to the first stage when the indicators of impairment are eliminated at the reporting date, as well as if there are no factors at the reporting date indicating a significant increase in credit risk.

Reservation approach for impaired assets purchased or issued. To calculate the estimated reserve for credit losses in respect of acquired or disbursed impaired assets, the Bank estimates the cumulative changes in the value of expected credit losses over the entire life of the instrument from the moment of its acquisition or issue.

A financial asset is considered an acquired or issued impaired asset when one or more events occur on it that have a negative impact on the estimated future cash flows of such a financial asset, in particular, observable data on the following events at the time of acquisition or issue:

- significant financial difficulties of the counterparty / issuer;
- breach of contract terms, such as late payment;

- granting by the creditor of an assignment to his counterparty / issuer for economic reasons or contractual terms associated with the financial difficulties of such counterparty / issuer and which the lender would not have provided otherwise;
- the likelihood of bankruptcy or other financial reorganization;
- the disappearance of an active market for this financial asset as a result of the issuer's financial difficulties;
- purchase or creation of a financial asset with a large discount that reflects credit losses incurred.

Assessment methods and method of forming an allowance for credit losses. In order to estimate expected credit losses, two methods are distinguished: at the transaction level or at the counterparty level. Transaction level valuation is used for all debt financial instruments, except those related to the Individuals segment.

Counterparty grade is used for all debt financial instruments within the Individuals segment.

The main method of formation of estimated reserves for credit losses, which is applied at the Bank level, is collective reservation. It is necessarily applied to financial instruments for which the debt is not material or for which no significant increase in credit risk or impairment was detected during the reporting period.

Reserving financial assets on an individual basis. The amount of the estimated reserve for credit losses for each debt financial asset is based on an estimate of the weighted average expected credit losses under the scenarios under consideration.

- The number of considered scenarios and their weights are determined on the basis of the methodology developed by the Bank, taking into account the current, as well as reasonable forecast information, however, the number of considered scenarios cannot be less than two (including the 100% loss scenario) and the probability of their implementation must be above zero .
- Estimation of expected losses in case of individual approach to reservation takes into account the time value of money, as well as reasonable information about past, current and forecast future economic conditions. The amount of the allowance for credit losses is determined as the difference between the gross book value of the debt financial asset before deducting the allowance for credit losses at the valuation date and its recoverable amount.

To estimate the recoverable amount, the discounted cash flow method is used based on the expected future payments on the debt financial asset (or other cash flows) using the effective interest rate as the discount rate. This assessment should take into account the following sources of cash flow:

- free cash flow from operating activities;
- future amounts recoverable from the sale of collateral;
- cash receipts from other sources - for example, as a result of judicial proceedings (other than the sale of collateral) or bankruptcy proceedings.

Reserving financial assets collectively. A collective assessment of estimated reserves for credit losses of financial assets is carried out on the basis of individual risk metrics (PD, LGD, EAD), which are assigned to each specific counterparty/issuer based on the analysis of financial and other information, and which are regularly monitored.

PD is the probability of default determined on the basis of the risk segment and the internal rating (or Bank of delay) for the relevant period (12 months or the entire life of the tool (Lifetime PD)). Values are determined based on internal models, as well as using migration matrices (Markov chains). Calculations of the probability of default are adjusted for forecast information. Indicators of probability of default (PD) used by the Bank, based on the example of Moody's rating agency for financial institutions. For corporate by main sectors of the economy and individuals, data are used published in the official websites of government agencies, the CBU (www.cbu.uz) and other sources. As a forecast, data are used on the quality of the loan portfolio of past periods, as well as current and expected changes in macroeconomic variables (for example, real GDP growth, inflation, growth in real disposable money incomes of the population, etc.). The impact of these economic variables on the probability of default is determined using statistical regression analysis, and is calculated as the effect that these variables have on the level of defaults in past periods. The Bank estimates expected credit losses for a period of 12 months (Stage 1) or the entire life of the instrument, weighted by the likelihood of scenarios. These expected credit losses, weighted by probability, are determined by calculating each scenario using the appropriate model of expected credit losses and multiplying them by the respective scenario weights.

The basic segmentation principle for determining the probability of default (PD) for reservation purposes assumes that debt financial instruments with a similar risk profile should be assigned to the same portfolio with a similar level of risk. The risk segment is determined based on the specifics of the counterparty / issuer, the country of residence, size and business model.

LGD is the level of losses in case of default, the estimated value of losses as a result of the onset of default, based on the difference in the amounts of contractual cash flows receivable and cash flows that the lender expects to receive, including as a result of the pledged property. As a rule, this value is expressed as a percentage of EAD. Values are determined using models developed based on internal statistics.

EAD is the value of the credit claim at risk of default. Debt at the time of default is determined based on the expected payment schedule, which varies depending on the type of product. For products that are recorded at amortized cost and loans with a one-time repayment of debt at the time of default, it is determined on the basis of amounts due to repayment by the borrower under the contract for a 12-month period or for the entire life of the financial instrument. This debt is also adjusted for the expected overpayment by the borrower. The calculation also includes early repayment or refinancing assumptions. For renewable products, the debt at the time of default is projected by adding to the current balance of the funds used the "credit conversion ratio", which takes into account the expected use of the remaining limit by the time of default. These assumptions vary depending on the type of product, current use of the limit and other behavioral characteristics of a particular borrower. Values are determined using models developed based on internal statistics.

Determination of the estimated provision for credit losses for credit commitments. If the counterparty has current balance sheet debt, the assessment of credit loss reserves for credit commitments is carried out in accordance with the approaches applied to reserving balance sheet debt of this counterparty taking into account the credit conversion rate (CCF), determined both on the basis of statistical data and Basel values. If the counterparty has only credit-related obligations, the assessment of estimated reserves for credit losses is carried out depending on the amount of the obligation, taking into account the CCF, on an individual or collective basis.

Credit quality of financial instruments. The classification of financial assets into five categories of credit risk is a summary of the credit quality of financial assets covered by IFRS 9.

- "Minimum credit risk" - assets, counterparties for which demonstrate a stable ability to meet financial obligations in a timely manner with an insignificant probability of default.
- "Low credit risk" - assets, counterparties for which have a low probability of default and a high ability to meet financial obligations in a timely manner.
- "Medium credit risk" - assets whose counterparties have a moderate probability of default, demonstrate an average ability to meet financial obligations in a timely manner and require more careful attention at the monitoring stage.
- "High credit risk" - assets whose counterparties have a high probability of default require special attention at the monitoring stage.
- "Default" - assets that, according to the available evidence of impairment, meet the definition of default.

29.2 Market risk

The Bank assumes market risk associated with open positions in interest, currency and equity instruments, which are exposed to the risk of general and specific changes in the market. The Board sets limits on the level of accepted risk and monitors their compliance on a daily basis. However, the use of this approach does not prevent the formation of losses that exceed the established limits in the event of more significant changes in the market. The task of managing market risk is to ensure that exposure to market risk does not go beyond acceptable parameters, while ensuring optimization of the profitability received for the accepted risk.

(in thousands UZS)

29.3 Other price risks

Due to the lack of an active market for equity instruments in the Republic of Uzbekistan, it is difficult to assess the Bank's exposure to stock price risk. Most of the equity investments held by the Bank are carried at cost and are periodically assessed for impairment; accordingly, the Bank's exposure to equity risk is not expected to be material.

29.4 Geographical risk

Below is an analysis of the geographical concentration of financial assets and liabilities of the Bank as at 31 December 2024:

	Uzbekistan	OECD and FATF member countries	Other countries	Total
Financial assets				
Cash and cash equivalents	567 203 363	1 176 963	4 746 968	573 127 294
Loans and advances to customers	6 984 699 588	-	-	6 984 699 588
Investment financial assets	1 328 754 410	-	-	1 328 754 410
Other financial assets	71 882 264	-	1 553 530	73 435 794
Total financial assets	**8 952 539 625**	**1 176 963**	**6 300 498**	**8 960 017 086**
Financial liabilities				
Due to other banks	121 895 407	-	-	121 895 407
Customer deposits	3 815 430 586	-	-	3 815 430 586
Other borrowings	545 932 070	3 049 228 338	-	3 595 160 408
Subordinated loans	-	348 852 960	-	348 852 960
Other financial liabilities	77 514 190	-	-	77 514 190
Total financial liabilities	**4 560 772 253**	**3 398 081 298**	**-**	**7 958 853 551**
Net financial assets / (liabilities)	**4 391 767 372**	**(3 396 904 335)**	**6 300 498**	**1 001 163 535**
Credit commitments	**29 259 349**	**-**	**-**	**29 259 349**

Below is an analysis of the geographical concentration of financial assets and liabilities of the Bank as at 31 December 2023:

	Uzbekistan	OECD and FATF member countries	Other countries	Total
Financial assets				
Cash and cash equivalents	245 018 283	614 411	31 803 239	277 435 933
Mandatory reserve in CBU	20 100 774	-	-	20 100 774
Loans and advances to customers	4 947 983 802	-	-	4 947 983 802
Investment financial assets	578 518 472	-	-	578 518 472
Other financial assets	12 265 771	-	619 872	12 885 643
Total financial assets	**5 803 887 102**	**614 411**	**32 423 111**	**5 836 924 624**
Financial liabilities				
Due to other banks	17 251 194	70 649 335	-	87 900 529
Customer deposits	2 801 083 339	-	-	2 801 083 339
Other borrowings	219 326 653	1 804 035 035	-	2 023 361 688
Subordinated loans	-	111 048 930	-	111 048 930

(in thousands UZS)

Other financial liabilities	64 116 165	-	163 119	64 279 284
Total financial liabilities	**3 101 777 351**	**1 985 733 300**	**163 119**	**5 087 673 770**
Net financial assets / (liabilities)	**2 702 109 751**	**(1 985 118 889)**	**32 259 992**	**749 250 854**
Credit commitments	**31 236 264**	**-**	**-**	**31 236 264**

Assets, liabilities and credit commitments are generally classified according to the country of location of the counterparty. Cash and cash equivalents, due from other banks are classified according to the country of their physical location.

29.5 Currency risk

The table below presents a general analysis of the Bank's currency risk at the end of the reporting period:

	Monetary financial assets	Monetary financial liabilities	Net balance position
2024			
UZS	7 167 036 141	6 232 064 773	934 971 368
USD	1 756 118 757	1 704 637 890	51 480 867
Euro	29 354 997	18 785 961	10 569 036
Other	7 507 191	3 364 927	4 142 264
Total	**8 960 017 086**	**7 958 853 551**	**1 001 163 535**
2023			
UZS	5 033 392 380	4 262 725 544	770 666 836
USD	750 343 890	787 058 152	(36 714 262)
Euro	46 482 874	33 007 336	13 475 538
Other	6 705 480	4 882 738	1 822 742
Total	**5 836 924 624**	**5 087 673 770**	**749 250 854**

The Bank takes on exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The Council sets limits on the level of accepted risk by currency and in general both at the end of each day and within one day and monitors their observance on a daily basis. The Bank Treasury measures its currency risk by analyzing its net currency position denominated in the same currency, as well as analyzing the effect of strengthening / weakening of the same currency in relation to the Uzbek Soum on the Bank's profit and loss.

The table below summarizes the changes in financial result and comprehensive income as a result of possible changes in exchange rates used at the end of the reporting period, while all other conditions remain unchanged. Reasonably possible change in the rate for each currency is determined based on the marginal limits of fluctuations of rates, changed by 10% compared with the current ones.

	31 December 2024	31 December 2023
Strengthening of the USD by 10%	5 148 087	(3 671 426)
Weakening of the USD by 10%	(5 148 087)	3 671 426
Strengthening of the Euro by 10%	1 056 904	1 347 554
Weakening of the Euro by 10%	(1 056 904)	(1 347 554)

The risk was calculated only for cash balances in currencies other than the Bank's functional currency.

29.6 Liquidity risk

Liquidity risk is the risk that an organization will face difficulties in meeting its financial obligations. The Bank is exposed to the risk of the daily need to use the available funds for settlement of overnight deposits, customer accounts, repayment of deposits, issuance of loans and borrowings, payments on guarantees and derivative financial instruments that are settled in cash. The Bank does not accumulate cash in case it is necessary to fulfill all of the above obligations at one time, since, based on the accumulated experience, it is possible to predict with sufficient accuracy the level of funds necessary to fulfill these obligations.

(in thousands UZS)

The Bank tries to maintain a stable funding base, consisting mainly of funds from other banks, deposits of legal entities / deposits of individuals. The Bank invests in diversified portfolios of liquid assets in order to be able to quickly and easily meet unforeseen liquidity requirements.

The liquidity management of the Bank requires an analysis of the level of liquid assets necessary to settle liabilities when they mature; providing access to various sources of funding; availability of plans in case of problems with financing and control over compliance of liquidity ratios with legal requirements. The Bank calculates liquidity ratios on a monthly basis in accordance with the requirements of CBU. These standards include (standards are calculated on the basis of indicators in accordance with the requirement of CBU).

Information on financial assets and liabilities is received by the Treasury ensures an adequate portfolio of short-term liquid assets, mainly consisting of short-term liquid trading securities, deposits with banks and other interbank instruments, to maintain an adequate level of liquidity for the Bank as a whole.

The Treasury controls the daily liquidity position and regularly performs liquidity stress testing under various scenarios covering standard and more adverse market conditions.

The table below shows the distribution of obligations by contractual time remaining until maturity. The liabilities amount in the table represent the contractual cash flows, including the gross amount of the finance lease liabilities, as well as financial guarantees. These non-discounted cash flows differ from the amounts recorded in the consolidated statement of financial position as the amounts in the consolidated statement of financial position are based on discounted cash flows.

The table below shows the maturity analysis of non-derivative financial assets recorded at book value based on the contractual maturity dates, with the exception of assets that can be easily realized if there is a need for cash outflows related to financial liabilities. Such financial assets are included in the maturity analysis based on the expected disposal date. Impaired loans and borrowings are included in the table at book value less provision for impairment and based on expected cash inflow periods.

In cases where the amount to be paid is not fixed, the amount in the table is determined based on the conditions existing at the end of the reporting period. Currency payments are translated using the current exchange rate at the end of the reporting period.

Liquidity requirements in respect of guarantees and letters of credit are significantly lower than the sum of the corresponding liabilities presented in the maturity analysis above, as the Bank usually does not expect funds from these liabilities to be claimed by third parties. The total amount of loan commitments included in the table above does not necessarily represent the amount of cash that will be required to be repaid in the future, since many of these commitments may be unclaimed or terminated before they expire.

An analysis of liquidity risk and interest rate risk as at 31 December 2024 is presented in the following table:

	Demand and less than 1 month	1 to 3 months	3 months to 1 year	1 to 2 years	More than 2 years	Total
Financial assets						
Cash and cash equivalents	65 809 762	-	-	-	-	65 809 762
Loans and advances to customers	636 293 111	775 304 018	1 489 199 684	1 620 819 308	2 463 083 467	6 984 699 588
Investment financial assets	14 685 578	304 052 628	618 823 888	186 948 089	203 830 406	1 328 340 589
Total interest accrued financial assets	**716 788 451**	**1 079 356 646**	**2 108 023 572**	**1 807 767 397**	**2 666 913 873**	**8 378 849 939**
Cash and cash equivalents	507 317 532	-	-	-	-	507 317 532
Investment financial assets	413 821	-	-	-	-	413 821
Other financial assets	73 435 794	-	-	-	-	73 435 794
Total financial assets	**1 297 955 598**	**1 079 356 646**	**2 108 023 572**	**1 807 767 397**	**2 666 913 873**	**8 960 017 086**

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

Financial liabilities						
Due to other banks	85 523 185	35 000 000	548 888	548 889	274 445	121 895 407
Customer deposits	255 762 726	176 935 146	1 044 199 664	907 986 857	366 135 295	2 751 019 688
Other borrowings	173 837 642	692 773 061	701 561 563	984 457 298	1 042 530 844	3 595 160 408
Subordinated loans	-	-	25 840 960	-	323 012 000	348 852 960
Total interest-bearing financial liabilities	**515 123 553**	**904 708 207**	**1 746 310 115**	**1 892 993 044**	**1 731 952 584**	**6 816 928 463**
Customer deposits	1 064 410 898	-	-	-	-	1 064 410 898
Other financial liabilities	77 514 190	-	-	-	-	77 514 190
Total financial liabilities	**1 657 048 641**	**904 708 207**	**1 746 310 115**	**1 892 993 044**	**1 731 952 584**	**7 958 853 551**
The difference between financial assets and liabilities	(359 093 043)	174 648 439	361 713 457	(85 225 647)	934 961 289	1 001 163 535
The difference between interest accrued financial assets and interest-bearing financial liabilities	201 664 898	174 648 439	361 713 457	(85 225 647)	934 961 289	1 561 921 476
The difference between interest accrued financial assets and interest-bearing financial liabilities, cumulative	**201 664 898**	**376 313 337**	**738 026 794**	**652 801 147**	**1 587 762 436**	
The difference between interest accrued financial assets and interest-bearing financial liabilities, as a percentage of total assets, cumulative	**2,25%**	**4,20%**	**8,24%**	**7,29%**	**17,72%**	

The table below provides an analysis of financial liabilities by maturity, excluding discounts as at 31 December 2023:

	Demand and less than 1 month	1 to 3 months	3 months to 1 year	1 to 2 years	More than 2 years	Total
Financial assets						
Loans and advances to customers	219 989 967	274 040 305	1 225 093 636	1 160 723 071	2 068 136 823	4 947 983 802
Investment financial assets	20 440 822	110 024 298	447 639 531	-	-	578 104 651
Total interest accrued financial assets	**240 430 789**	**384 064 603**	**1 672 733 167**	**1 160 723 071**	**2 068 136 823**	**5 526 088 453**
Cash and cash equivalents	277 435 933	-	-	-	-	277 435 933
Mandatory reserve in CBU	20 100 774	-	-	-	-	20 100 774
Investment financial assets	413 821	-	-	-	-	413 821
Other financial assets	12 885 643	-	-	-	-	12 885 643
Total financial assets	**551 266 960**	**384 064 603**	**1 672 733 167**	**1 160 723 071**	**2 068 136 823**	**5 836 924 624**
Financial liabilities						
Due to other banks	44 301 878	41 677 540	548 888	548 889	823 334	87 900 529
Customer deposits	162 725 415	60 124 825	559 536 869	863 969 098	254 786 605	1 901 142 812
Debt securities issued	-					-
Other borrowings	328 472	29 294 606	447 823 854	754 694 890	791 219 866	2 023 361 688
Subordinated loans	-	-	49 355 080	-	61 693 850	111 048 930
Total interest-bearing financial liabilities	**207 355 765**	**131 096 971**	**1 057 264 691**	**1 619 212 877**	**1 108 523 655**	**4 123 453 959**
Customer deposits	899 940 527	-	-	-	-	899 940 527
Other financial liabilities	64 279 284	-	-	-	-	64 279 284
Total financial liabilities	**1 171 575 576**	**131 096 971**	**1 057 264 691**	**1 619 212 877**	**1 108 523 655**	**5 087 673 770**
The difference between financial assets and liabilities	(620 308 616)	252 967 632	615 468 476	(458 489 806)	959 613 168	749 250 854

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

The difference between interest accrued financial assets and interest-bearing financial liabilities	33 075 024	252 967 632	615 468 476	(458 489 806)	959 613 168	1 402 634 494
The difference between interest accrued financial assets and interest-bearing financial liabilities, cumulative	**33 075 024**	**286 042 656**	**901 511 132**	**443 021 326**	**1 402 634 494**	
The difference between interest accrued financial assets and interest-bearing financial liabilities, as a percentage of total assets, cumulative	0,57%	4,90%	15,44%	7,59%	24,03%	

In the opinion of management of the Bank, the discrepancy between the maturity and interest maturities and interest rates of assets and liabilities is a temporary factor. In banks, as a rule, there is no complete coincidence in these positions, since operations often have uncertain maturities and are of a different nature.

Liquidity requirements in respect of guarantees and letters of credit payments are significantly lower than the sum of the corresponding liabilities, as the Bank usually does not expect that third parties will claim funds from these liabilities. The total amount of contractual commitments to provide loans does not necessarily represent the amount of cash that will be required in the future, since many of these commitments may be unclaimed or terminated before their expiration date.

29.7 Interest rate risk

The Bank takes on exposure to the effects of fluctuations in market interest rates on its financial position and cash flows. Such fluctuations may increase the level of interest margin; however, in the event of an unexpected change in interest rates, the interest margin may also decrease or cause losses.

The Bank is exposed to interest rate risk, primarily as a result of its lending activities at fixed interest rates in amounts and for periods that differ from the amounts and terms for raising funds at fixed interest rates. In practice, interest rates are usually set for a short period. In addition, interest rates fixed in the terms of contracts for both assets and liabilities are often revised based on mutual agreement in accordance with the current market situation.

The Bank monitors interest rates on financial instruments. The table below shows the interest rates on financial instruments at the reporting date:

	2024		**2023**	
	UZS	UZS	UZS	USD
Financial assets				
Loans and advances to customers	1%-49%	4%-22%	1%-48%	4%-12%
Investment financial assets	15%-17%	-	15%-17%	-
Financial liabilities				
Due to other banks	-		20%	6,5%-8%
Customer deposits	0%-24%	3%-9%	0%-26%	0%-8%
Subordinated loans	-	3%-11%	-	7,7%-11%
Other borrowings	18%-27%	5%-8%	16%-24%	3%-8%

(in thousands UZS)

30 Segment information

The main format for providing information on segments of the Bank's activities is to provide information on operating segments, auxiliary information - on geographical segments.

All operations and services are related to customers of the Republic of Uzbekistan. All customers of the Bank are the residents of the Republic of Uzbekistan.

30.1 Operation segments

The Bank operates in two main operating segments:

- Individuals - providing banking services to private clients and private entrepreneurs, maintaining current accounts of private clients, accepting savings and deposits, servicing debit cards, providing consumer loans and loans secured by real estate;
- Legal entities - maintaining accounts, attracting deposits, providing loans and other lending services, direct debiting of deposits, transactions with foreign currency and derivative financial instruments.

Transactions between operating segments are carried out on ordinary commercial terms. The funds are redistributed between the segments, which leads to the redistribution of financing costs, taken into account when calculating the operating income. The interest accrued on these funds is calculated based on the cost of raising the Bank's capital. There are no other significant income or expenses on transactions between operating segments. Segment assets and liabilities are assets and liabilities, which constitute a large part of the balance sheet, but exclude items such as taxation of borrowed funds. Domestic costs and transfer pricing adjustments are accounted for in the results of the respective segments. For the reliable distribution of income received from external customers, between the segments are used agreements on the distribution of income.

The table below provides information on the segment concentration of assets and liabilities as at 31 December 2024:

	Individuals	Legal entities	Unsplittable	Total
Financial assets				
Cash and cash equivalents	-	194 992 965	378 134 329	573 127 294
Loans and advances to customers	5 310 507 537	1 674 192 051	-	6 984 699 588
Investment financial assets	-	1 328 754 410	-	1 328 754 410
Other financial assets	1 553 530	71 882 264	-	73 435 794
Total financial assets	**5 312 061 067**	**3 269 821 690**	**378 134 329**	**8 960 017 086**
Financial liabilities				
Due to other banks	-	-	121 895 407	121 895 407
Customer deposits	1 630 411 292	2 185 019 294	-	3 815 430 586
Other borrowings	-	1 231 671 402	2 363 489 006	3 595 160 408
Subordinated loans	-	111 048 930	237 804 030	348 852 960
Other financial liabilities	2 616 715	74 897 475	-	77 514 190
Total financial liabilities	**1 633 028 007**	**3 602 637 101**	**2 723 188 443**	**7 958 853 551**
Net financial assets / (liabilities)	**3 679 033 060**	**(332 815 411)**	**(2 345 054 114)**	**1 001 163 535**
Credit commitments	**-**	**29 259 349**	**-**	**29 259 349**

(in thousands UZS)

The table below provides information on the segment concentration of assets and liabilities as at 31 December 2023:

	Individuals	Legal entities	Unsplittable	Total
Financial assets				
Cash and cash equivalents	-	55 989 751	221 446 182	277 435 933
Mandatory reserve in CBU	-	-	20 100 774	20 100 774
Loans and advances to customers	3 858 373 909	1 089 609 893	-	4 947 983 802
Investment financial assets	-	578 518 472	-	578 518 472
Other financial assets	619 872	12 265 771	-	12 885 643
Total financial assets	**3 858 993 781**	**1 736 383 887**	**241 546 956**	**5 836 924 624**
Financial liabilities				
Due to other banks	-	-	87 900 529	87 900 529
Customer deposits	1 134 656 498	1 666 426 841	-	2 801 083 339
Other borrowings	-	1 143 345 392	880 016 296	2 023 361 688
Subordinated loans	-	111 048 930	-	111 048 930
Other financial liabilities	4 393 475	59 885 809	-	64 279 284
Total financial liabilities	**1 139 049 973**	**2 980 706 972**	**967 916 825**	**5 087 673 770**
Net financial assets / (liabilities)	**2 719 943 808**	**(1 244 323 085)**	**(726 369 869)**	**749 250 854**
Credit commitments	**-**	**31 236 264**	**-**	**31 236 264**

The table below provides information on the segment concentration of income and expenses for the year ended 31 December 2024:

	Individuals	Legal entities	Unsplittable	Total
Interest income calculated at the effective interest rate	1 371 460 585	303 199 373	292 123	1 674 952 081
Other interest income	1 708	106 035 495	-	106 037 203
Interest expense calculated at the effective interest rate	(222 951 419)	(760 906 151)	-	(983 857 570)
Other interest expenses	-	(37 558 522)	-	(37 558 522)
Net interest income	**1 148 510 874**	**(389 229 805)**	**292 123**	**759 573 192**
Creation of provisions for credit losses on debt financial assets	(71 365 332)	(23 807 796)	(2 877 043)	(98 050 171)
Net income/(expenses) from initial recognition of financial instruments and loan modifications	-	(793 031)	-	(793 031)
Net interest income after provision for credit losses	**1 077 145 542**	**(413 830 632)**	**(2 584 920)**	**660 729 990**
Commission income	113 638 463	66 535 905	-	180 174 368
Commission expenses	-	(131 139 855)	-	(131 139 855)
Net income / (expenses) from operations in foreign currency and from revaluation of foreign currency	-	-	36 417 494	36 417 494
Recovery / (creation) of a provision for credit losses on credit commitments	-	(221 953)	-	(221 953)
Creation of provisions for other assets	-	(5 213 082)	-	(5 213 082)
Other operating income	-	1 872 665	-	1 872 665
Administrative and other operating expenses	(213 692 885)	(105 718 756)	-	(319 411 641)
Income before tax	**977 091 120**	**(587 715 708)**	**33 832 574**	**423 207 986**

Notes to the financial statements for the year ended 31 December 2024 (in thousands UZS)

The table below provides information on the segment concentration of income and expenses for the year ended 31 December 2023:

	Individuals	Legal entities	Unsplittable	Total
Interest income calculated at the effective interest rate	859 249 519	139 161 735	938 315	999 349 569
Other interest income	4 710 503	120 832 944	-	125 543 447
Interest expense calculated at the effective interest rate	(127 862 144)	(455 369 425)	-	(583 231 569)
Other interest expenses	-	(4 177 358)	(8 355 724)	(12 533 082)
Net interest income	**736 097 878**	**(199 552 104)**	**(7 417 409)**	**529 128 365**
Creation of provisions for credit losses on debt financial assets	(25 261 265)	10 408 412	(1 089 765)	(15 942 618)
Net income/(expenses) from initial recognition of financial instruments and loan modifications	(382 266)	(3 627 057)	-	(4 009 323)
Net interest income after provision for credit losses	**710 454 347**	**(192 770 749)**	**- 8 507 174**	**509 176 424**
Commission income	88 902 606	97 274 412	-	186 177 018
Commission expenses	(9 262 995)	(70 193 109)	-	(79 456 104)
Net income / (expenses) from operations in foreign currency and from revaluation of foreign currency	-	-	52 820 882	52 820 882
Recovery / (creation) of a provision for credit losses on credit commitments		(541 768)	-	(541 768)
Provision for other assets	-	1 097 449	-	1 097 449
Other operating income	-	1 603 209	-	1 603 209
Administrative and other operating expenses	(183 287 831)	(109 169 461)	-	(292 457 292)
Income before tax	**606 806 127**	**(272 700 017)**	**44 313 708**	**378 419 818**

31 Events after the reporting date

The Bank has entered into the following loan agreements:
• EBRD – in the amount of USD 5 000 000;
• EBRD – in the amount of USD 10 000 000;
• DWM INCOME FUNDS S.C.A. – in the amount of USD 1 500 000;
• NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V. – in the amount of USD 75 000 000.

Approved and signed on behalf of the management of the Bank:

A.A. Samadov
Chairman of the Board of the Bank

E. Xasanov
Chief Accountant of the Bank

30 May 2025