PKF

PKF MAK ALYANS LLC

JOINT-STOCK COMMERCIAL BANK

"MICROCREDITBANK"

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 AND
INDEPENDENT AUDITORS' REPORT

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The information contained in the audit report is confidential and, according to clause 3.1.8 of the contract for the provision of audit services, is not subject to disclosure in whole or in part without prior agreement with the Management of the Audit Company.

Management's Statement of responsibility for the preparation and approval of the consolidated financial statements as at 31 December 2024

The Group's management is responsible for the preparation of consolidated financial statements that present fairly, in all material respects, the financial position of Joint-Stock Commercial Bank "Microcreditbank" (hereinafter referred to as the "Bank") and its subsidiary (hereinafter referred to as the "Group") as at 31 December 2024, as well as its results of operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

⇒ ensuring the correct selection and application of accounting policy principles;

⇒ presentation of information, including accounting policies, in a form that ensures that such information is relevant, reliable, comparable and understandable;

⇒ compliance with IFRS requirements, as well as disclosure of additional information in cases where compliance with IFRS requirements is insufficient for users of the financial statements to understand the impact that certain transactions, as well as other events or conditions have on the financial position and financial performance of the Group;

⇒ and an assessment of the Group's ability to continue its activities for the foreseeable future.

Management is also responsible for:

⇒ development, implementation and maintenance of an effective and reliable internal control system and organization of the risk management system in the Group;

⇒ keeping records in a form that discloses and explains the Group's transactions and provides information with reasonable accuracy as at any date about the Group's financial position and ensures that the Group's consolidated financial statements comply with IFRS requirements;

⇒ accounting in accordance with the legislation and accounting standards of the Republic of Uzbekistan;

⇒ taking all reasonable steps to safeguard the Group's assets;

⇒ identification and prevention of financial and other abuses;

⇒ compliance by the Bank with prudential standards as of the reporting date, in accordance with the requirements imposed by the Central Bank of the Republic of Uzbekistan.

These consolidated financial statements of the Group as at 31 December 2024 were approved for issuance by management on 11 June 2025.

Butaev Orif Aliboevich
Chairman of the Management Board
Tashkent, Uzbekistan

Abdullaev Uchkun Ashirovich
Chief Accountant
Tashkent, Uzbekistan

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Independent auditor's report

To the shareholders and the Supervisory Board of JSCB "Microcreditbank"

Auditor's opinion

We have audited the consolidated financial statements of Joint-Stock Commercial Bank "Microcreditbank" (hereinafter referred to as the "Bank") and its subsidiary (hereinafter referred to as the "Group"), consisting of the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes (hereinafter referred to as the "consolidated financial statements") for the year then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024 and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under these standards are described further in the section entitled "Auditor's Responsibility for the Audit of the Consolidated Financial Statements" of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to form the basis for expressing our opinion.

Independence and quality control

We are independent of the audited entity and comply with the ethical requirements of the International Code of Ethics for Professional Accountants of the International Ethics Standards Council for Accountants (including the International Independence Standards) (IESBA Code) and the independence requirements in Part 4A of the IESBA Code and the ethical requirements of the Code of Professional Ethics for Auditors of the Republic of Uzbekistan regarding our audit of financial statements in Uzbekistan. We have also fulfilled other obligations in accordance with these requirements of professional ethics.

Our organization applies the International Standard for Quality Management (ISQM) 1 "Quality management in audit organizations conducting audits or reviews of financial statements, as well as performing other assurance engagements or related service engagements" and therefore maintains a comprehensive quality control system, including those supported by documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PKF MAK ALYANS is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).

PKF MAK ALYANS является членом PKF Global, сети фирм-членов PKF International Limited, каждая из которых является отдельным и независимым юридическим лицом и не несет никакой ответственности за действия или бездействие отдельных членов или фирм-корреспондентов.

CERT INTERNATIONAL ISO 9001 CERTIFIED QMS-0185/D

Materiality

The audit is intended to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. Misrepresentations can occur as a result of fraud or errors. They are considered material if it is reasonable to expect, individually or in combination, that they will affect users' economic decisions based on those consolidated financial statements. The determination of the scope of our audit was influenced by our application of materiality.

When planning the audit, we determined the materiality and assessed the risks of material misstatement of the consolidated financial statements. In particular, we examined areas in which management made subjective judgements, for example, with respect to significant accounting estimates, which included the application of assumptions and consideration of future events with which, by their nature, uncertainty is associated. As with all audits, we also considered the risk of management circumventing internal control, including, but not limited to, assessing whether there is an indication of management bias that creates a risk of material misstatement due to fraud.

Based on our professional judgment, we have established certain quantitative thresholds for materiality, including materiality at the level of the Group's consolidated financial statements as a whole, as set out in the table below. Using these values, and taking into account qualitative factors, we have determined the scope of our audit and the nature, timing and extent of our audit procedures, and have assessed the effect of misstatement (aggregate and individual), if any, on the consolidated financial statements as a whole.

Materiality at the level of the Group's consolidated financial statements as a whole	105 130,1 million UZS.
Determination of the level of materiality	We have defined materiality as a whole at 2% of gross revenue.
Justification of the applied level of materiality	We have used gross revenue as the basis for calculating materiality because, in our opinion, this is the most commonly used metric by users of financial statements and is considered to be a generally accepted metric. We have defined a figure of 2% because, based on our professional experience, this indicator is a generally accepted quantitative measurement in relation to this basis for calculation.

Key audit issues

Key audit matters are those matters that, in our professional judgment, would be of the greatest importance for the audit of the consolidated financial statements for the reporting period. These matters have been considered in the context of our audit of the consolidated financial statements as a whole and in forming our opinion on those statements, and we do not express a separate opinion on these matters.

Key audit issue	What audit procedures were performed
Provision for credit losses on loans to customers and credit liabilities	
Due to the materiality of the provision for credit losses on loans to customers and credit liabilities for the Bank's financial position, as well as due to the complexity and necessity of applying judgments regarding the measurement of expected credit losses in accordance with the new standard IFRS 9 "Financial Instruments", this issue is one of the key audit issues. The calculation of expected credit losses includes estimation methodologies that use significant unobservable inputs and factors, such as internal credit ratings, as well as complex statistical modelling 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 to customers and credit liabilities is disclosed in Notes 11 and 32 to the consolidated financial statements.	In the course of our audit, we paid particular attention to: assessing the credit risk models and assumptions used to determine key provisioning parameters and expected credit losses on the portfolio; Evaluating management's judgment regarding the identification of a significant increase in credit risk on a portfolio basis. We assessed the reasonableness of the credit risk factors and the thresholds selected by management to determine a significant increase in credit risk on a portfolio basis. In testing portfolio-based impairment, we analysed the underlying statistical models, key inputs and assumptions, as well as forward-looking information used in calculating expected credit losses. We have reviewed the results of the Bank's subsequent testing of the models used for the purposes of IFRS 9.
Measurement of loans and advances to customers measured at fair value through profit or loss	
We focused on this issue due to the materiality of the amount and the subjective nature of the measurement of loans and advances to customers measured at fair value through profit or loss. The fair value of these loans is assessed using sophisticated valuation models that use unobservable data from the market, including data reflecting customer credit quality, interest rate curves and volatility curves. Notes 11 and 32 to the consolidated financial statements provide detailed information on the measurement of loans and advances to customers measured at fair value through profit or loss.	In the course of our audit, we paid special attention to the assessment of the key methods, formulas and source of information used by the Bank for their compliance with IFRS requirements. We tested the scoring models for the loans we chose. Our work included assessing whether the models and the data used were acceptable, repeating individual calculations, and various analytical and other procedures.

Other information

The Group's management is responsible for other information. Other information is information in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. We anticipate that the Annual Report will be submitted to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not apply to other information, and we do not provide a conclusion with assurance as to any form of such information.

In connection with our audit of the consolidated financial statements, it is our responsibility to review the above other information when it becomes available, and to consider whether there are material inconsistencies between the other information and the consolidated financial statements or our knowledge obtained in the course of the audit, or whether the other information contains other material misstatements.

If, based on our work, we conclude that other information contains material misstatement, we are required to inform those charged with governance.

Responsibilities of management and those charged with governance with respect to the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS and for the internal control that management considers necessary to prepare consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, for disclosing going concern, as appropriate, and for reporting on a going concern basis, unless management intends to liquidate the Group, cease operations or has no other effective means to dissolve the Group alternative other than liquidation or termination of activities.

Those responsible for the Group's corporate governance are responsible for overseeing the preparation of the entity's consolidated financial statements.

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

Our objective is to obtain reasonable assurance that the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to prepare an auditor's report that reflects our opinion. Reasonable assurance is a high degree of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect material misstatement, if any. Misstatements may result from fraud or error and are considered material if it can reasonably be expected that, individually or in the aggregate, they may affect the economic decisions made by users on the basis of these consolidated financial statements.

As part of an audit conducted in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following:

⇒ identify and assess the risks of material misstatement of the consolidated financial statements due to fraud or errors; develop and conduct audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to form the basis for expressing our opinion. The risk of failure to detect material misstatement due to fraud is higher than the risk of failure to detect material misstatement due to error, as fraudulent acts may include collusion, forgery, willful omission, misrepresentation of information or bypassing internal control;

⇒ gain an understanding of the internal control framework relevant to the audit in order to develop audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system;

⇒ assess the appropriateness of the accounting policies applied, the reasonableness of accounting estimates and related disclosures prepared by the Group's management;

⇒ conclude on the appropriateness of management's application of the going concern assumption and, based on the audit evidence obtained, conclude whether there is material uncertainty due to events or conditions that may raise significant doubts about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we shall draw attention in our auditor's report to the relevant disclosures in the consolidated financial statements or, if such disclosures are inappropriate, modify our opinion. Our conclusions are based on audit evidence obtained prior to the date of our auditor's report. However, future events or conditions may cause the Group to lose its ability to continue its activities as usual;

⇒ evaluate the overall presentation, structure and content, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that can be presented fairly;

⇒ obtain sufficient appropriate audit evidence relating to the financial information of entities or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for leading, supervising and auditing the Group. We remain fully responsible for our audit opinion.

We communicate with those responsible for the Group's corporate governance, informing them, among other things, of the planned scope and timing of the audit, as well as material audit observations, including significant deficiencies in internal control that we identify during the audit process.

We also provide those charged with governance with a statement that we have complied with all relevant ethical requirements for independence and have informed them of all relationships and other matters that can reasonably be considered to have an impact on the auditor's independence and, where appropriate, of appropriate safeguards.

Of the matters that we brought to the attention of those charged with governance, we identified the issues that were most significant for the audit of the consolidated financial statements for the current period and, therefore, are key audit issues. We describe these matters in our auditor's report unless public disclosure of these matters is prohibited by law or regulation, or when, in very rare cases, we conclude that information about a matter should not be reported in our report because it can reasonably be assumed that the adverse effects of communicating such information will outweigh the public benefit of communicating it.

Report on other legal and regulatory requirements

Report on the results of the audit in accordance with the requirements of the Law of the Republic of Uzbekistan dated November 05, 2019 No LRU-580 "On Banks and Banking Activities".

The Bank's management is responsible for the Bank's compliance with the prudential standards established by the Central Bank of the Republic of Uzbekistan (hereinafter referred to as the "Central Bank"), as well as for the compliance of internal control and organization of the Bank's risk management systems with the requirements imposed by the Central Bank.

In accordance with Article 74 of the Law of the Republic of Uzbekistan dated November 05, 2019 No LRU-580 "On Banks and Banking Activities", we carried out procedures to verify the Bank's compliance as of 31 December 2024 with the prudential standards established by the Central Bank of the Republic of Uzbekistan and the compliance of the elements of internal control and the organization of the Bank's risk management systems with the requirements imposed by the Central Bank of the Republic of Uzbekistan.

These procedures were selected on the basis of our judgment and were limited to analysis, study of documents, comparison of internal policies, procedures and methodologies approved by the Bank with the requirements imposed by the Central Bank of the Republic of Uzbekistan, as well as recalculation, comparison and reconciliation of numerical indicators and other information.

We reflected the results of our procedures in terms of the Bank's compliance with the prudential liquidity standards established by the Central Bank of the Republic of Uzbekistan in a separate report.

As a result of the procedures carried out by us in terms of compliance of the elements of internal control and the organization of the Bank's risk management systems with the requirements imposed by the Central Bank of the Republic of Uzbekistan, we have established that:

⇒ as of 31 December 2024, the Internal Control and Sanctions Compliance Department, the Internal Audit Department, the Risk Management Department, the Security and Information Protection Department, the Anti-Corruption Control Department, and the Distressed Assets Department are subordinate to and accountable to the Supervisory Board of the Bank;

⇒ the frequency of submission of reports by the relevant services of the Bank during 2024 met the requirements of the Central Bank of the Republic of Uzbekistan. These reports were approved by the Bank's Supervisory Board and included information on the observations of the Bank's Internal Audit Department regarding the Bank's internal control system;

⇒ as of 31 December 2024, the Bank established the Security and Information Protection Department, and the Department's policy was approved by a decision of the Bank's Supervisory Council. The Security and Information Protection Department reports directly to the Bank's Supervisory Board;

⇒ The Bank's internal documentation effective as of 31 December 2024 establishing the methodologies for identifying and managing credit risk, market risk, liquidity risk, operational risk and country risk (hereinafter referred to as "risks significant to the Bank"), as well as for conducting stress testing, has been approved by the Bank's authorized management bodies;

⇒ the frequency of reports prepared by the Risk Management Department of the Bank during 2024 on the management of risks significant for the Bank was in line with the Bank's internal documents. These reports included information on the observations of the Bank's Risk Management Department regarding their assessment of significant risks for the Bank and the risk management system, as well as recommendations for improvement;

⇒ as of 31 December 2024, the Bank maintained a reporting system on risks significant to the Bank, as well as on the Bank's equity;

⇒ the Internal Control and Sanctions Compliance Department carries out control measures to counter money laundering through an automated system ("Refinitiv World Check One", "SWIFT Transaction screening" and "SWIFT Payment Control", "SWIFT GPI Tracker", iABS) for individuals and legal entities included in the list of sanctions announced by the authorized bodies of the Republic of Uzbekistan, foreign states and international organizations.

⇒ the Bank's management makes decisions based on regular and substantiated information and materials provided by the internal control system, and constantly monitors compliance with the requirements of the Internal Control Rules for Combating Money Laundering.

⇒ as of 31 December 2024, the Bank's Supervisory Council and its executive management bodies are responsible for monitoring the Bank's compliance with the risk and capital adequacy limits set out in the Bank's internal documents. In order to monitor the effectiveness of the Bank's risk management procedures and the consistency of their application during 2024, the Bank's Supervisory Council and its executive management bodies periodically discussed reports prepared by the Bank's Risk Management Department and considered proposed measures to eliminate deficiencies.

Procedures in relation to the elements of internal control and organization of the Bank's risk management systems were carried out by us solely for the purpose of verifying the compliance of these elements specified in the Law and described above with the requirements imposed by the Central Bank of the Republic of Uzbekistan.

Ravshan Asfandiyarov
General Director

Auditor Qualification Certificate No 05048 dated 25 August 2012

Auditor Qualification Certificate for the right to conduct audits of banks No 41 dated 11 March 2025

Alimjon Isakov
Head of the Audit Group

Auditor Qualification Certificate No 04475 dated 05 December 2007

Auditor Qualification Certificate for the right to conduct audits of banks No 26 dated 14 April 2023

Audit Company "PKF MAK ALYANS" LLC

11 June 2025
22, Aviasozlar street, 1st passage, Tashkent, Uzbekistan.

Joint-Stock Commercial Bank "Microcreditbank"

Consolidated statement of financial position

(in millions of UZS)

Article	Note	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	7	2 811 872	1 546 025
Required reserves in accounts with the CBU	8	-	47 399
Due from credit organizations	9	87 770	65 100
Investment financial assets	10	211 631	10 766
Loans and advances to customers:	11	19 416 106	15 761 191
Less: Provisions for possible losses	11	(1 180 763)	(1 090 663)
Net loans and advances to customers	11	18 235 343	14 670 528
Investment property	12	183 015	189 744
Advance payments of income tax		37 058	28 835
Deferred tax assets	27	140 771	94 590
Fixed assets and Intangible assets	13	1 556 420	1 306 385
Non-current assets held for sale	14	473 617	181 820
Other assets	15	113 861	102 908
TOTAL ASSETS		**23 851 358**	**18 244 100**
LIABILITIES			
Due to other banks	16	1 580 764	1 381 783
Customer funds	17	7 603 288	6 280 295
Debt securities issued	18	-	70 400
Other borrowings	19	9 366 548	6 525 285
Subordinated debt	20	689 296	50 000
Other liabilities	21	510 133	358 240
Total Liabilities		**19 750 029**	**14 666 003**
EQUITY			
Equity capital	22	5 117 621	3 796 064
Retained earnings / (uncovered loss) and funds		(1 016 292)	(217 967)
Total equity capital		**4 101 329**	**3 578 097**
TOTAL LIABILITIES AND EQUITY		**23 851 358**	**18 244 100**

Approved and signed on behalf of the Group's management on 11 June 2025.

Butaev Orif Alibovich
Chairman of the Management Board

Abdullaev Uchkun Ashirovich
Chief Accountant

The notes to the financial statements on pages 14 to 85 are an integral part of these statements.
See the report of independent auditors on pages 4 - 9.

Joint-Stock Commercial Bank "Microcreditbank"

Consolidated statement of profit or loss and other comprehensive income

(in millions of UZS)

Article	Note	for 2024	for 2023
Interest income calculated at the effective interest rate	23	2 754 475	2 218 203
Other interest income	23	231 080	168 353
Interest expense calculated at the effective interest rate	23	(2 001 478)	(1 486 799)
Other interest expense	23	(200 167)	(364 469)
Net interest income		**783 910**	**535 288**
Provision for credit losses on debt financial assets	7,9,11	(901 994)	(470 387)
Net profit/(expenses) from initial recognition of financial instruments and loan modifications		34 688	57 205
Net interest income / (expenses) after change in provision for credit losses		**(83 396)**	**122 106**
Commission income	24	261 880	181 788
Commission expense	24	(125 919)	(80 012)
Net profit from foreign exchange operations		25 649	30 900
Restoration / (creation) of a provision for credit losses on credit liabilities	21	(30 118)	(10 196)
Restoration / (creation) of a provision for other assets		(112 182)	(24 827)
Other operating income	25	38 911	72 718
Staff and other operating expenses	26	(1 023 157)	(863 846)
Loss before tax		**(1 048 332)**	**(517 369)**
Income tax saving / (expense)	27	87 004	100 147
Loss for the year		**(961 328)**	**(471 222)**
Other comprehensive income			
Revaluation of the building	13	204 114	187 247
Income tax relating to components of comprehensive income	27	(40 823)	(37 449)
Total comprehensive income / (loss) for the year		**(798 037)**	**(321 424)**

Approved and signed on behalf of the Group's management on 11 June 2025.

Butaev Orif Alibovich
Chairman of the Management Board

Abdullaev Uchkun Ashirovich
Chief Accountant

The notes to the financial statements on pages 14 to 85 are an integral part of these statements.
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Joint-Stock Commercial Bank "Microcreditbank"

Consolidated statement of cash flows

(in millions of UZS)

Article	Note	for 2024	for 2023
Cash flows from operating activities			
Interest received	23	2 711 442	2 231 954
Interest paid	23	(2 186 298)	(1 791 667)
Commissions received	24	261 880	181 681
Commissions paid	24	(125 919)	(80 035)
Net income received from transactions in foreign currency		25 649	30 722
Other operating income received	25	38 911	72 802
Paid personnel costs	26	(563 599)	(552 755)
Other operating expenses paid	26	(363 896)	(311 079)
Income tax paid		-	110 928
Cash flows from operating activities before change in operating assets and liabilities		**(201 830)**	**(107 451)**
Changes in operating assets (increase) / decrease			
Required reserves at the Central Bank	8	47 399	(11 691)
Due from credit organizations	9	(22 601)	39 085
Loans and advances to customers	11	(3 654 916)	(1 554 106)
Other assets	15	(36 190)	(50 264)
Changes in operating liabilities increase/(decrease)			
Due to other banks	16	196 237	(1 164 058)
Customer funds	17	1 322 993	997 326
Other liabilities	21	159 270	477 844
Net cash flow from operating activities		**(2 189 638)**	**(1 373 315)**
Cash flows from investing activities			
Repayment / (Purchase) of investment securities	10	(207 000)	419 367
Sale / (Acquisition) of investment property		(68 765)	5 808
Acquisition of fixed assets and intangible assets	13	(463 044)	(607 281)
Revenue from the sale of fixed assets	13	108 243	11 275
Dividends received	25	921	337
Net cash flow from investing activities		**(629 645)**	**(170 494)**
Cash flows from financing activities			
Proceeds from the issue of shares	22	1 321 557	250 000
Debt securities issued / (Repayment)	18	(70 400)	60 400
Other borrowed funds received / (Repaid)	19	2 810 064	1 181 384
Dividends paid		(288)	-
Net cash flow from financing activities		**4 060 933**	**1 491 784**
Impact of exchange rate changes on cash and cash equivalents		23 684	62 792
Impact of expected credit losses on cash and cash equivalents		513	178
Net increase (decrease) in cash and cash equivalents	**7**	**1 265 847**	**10 945**
Cash and cash equivalents at the beginning of the reporting period	**7**	**1 546 025**	**1 535 080**
Cash and cash equivalents at the end of the reporting period	**7**	**2 811 872**	**1 546 025**

The notes to the financial statements on pages 14 to 85 are an integral part of these statements.
See the report of independent auditors on pages 4 - 9.

Joint-Stock Commercial Bank "Microcreditbank"

Consolidated statement of changes in equity

(in millions of UZS)

Article	Equity capital	Retained earnings / (accumulated loss) and funds	Total Change in equity
Balance as of 01 January 2023	**3 547 470**	**103 457**	**3 650 927**
Increase in share capital	250 000	-	**250 000**
Decrease in share capital	(1 406)	-	**(1 406)**
Dividends paid	-	-	**-**
Net profit / (accumulated loss)	-	(471 222)	**(471 222)**
Other comprehensive income	-	149 798	**149 798**
Balance as of 31 December 2023	**3 796 064**	**(217 967)**	**3 578 097**
Increase in share capital	1 321 557	-	**1 321 557**
Decrease in share capital	-	-	**-**
Dividends paid	-	(288)	**(288)**
Net profit / (accumulated loss)	-	(961 328)	**(961 328)**
Other comprehensive income	-	163 291	**163 291**
Balance as of 31 December 2024	**5 117 621**	**(1 016 292)**	**4 101 329**

Approved and signed on behalf of the Group's management on 11 June 2025.

Butaev Orif Alibovich
Chairman of the Management Board

Abdullaev Uchkun Ashirovich
Chief Accountant

1. Main activities

The bank was registered in May 2006 in accordance with the Decree of the President of the Republic of Uzbekistan on the basis of the former Joint-Stock Commercial Bank "Tadbirkor". The Bank was established in the Republic of Uzbekistan in order to promote the development of small businesses, private entrepreneurship and farming, family businesses, especially in order to further expand the provision of financial resources by providing access to microfinance services to the general population, especially in rural areas. The main owner of the Bank is the Government of the Republic of Uzbekistan, through the Ministry of Economy and Finance of the Republic of Uzbekistan.

The Bank is registered to carry out banking activities in accordance with the legislation of the Republic of Uzbekistan and carries out its main activities on the basis of a license to carry out banking operations, including transactions in foreign currency, issued by the Central Bank of the Republic of Uzbekistan No 37 dated 02 March 2024.

The main activity of the Bank is to carry out commercial banking operations, operations with securities, foreign currency, provision of loans and guarantees. The Bank accepts deposits from the population and issues 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.

The Bank participates in the state deposit insurance program approved by the Law of the Republic of Uzbekistan No360-P "On guarantees of protection of citizens' deposits in Banks" dated 05 April 2002, which guarantees the payment of 100% compensation on deposits, regardless of the amount of the deposit in case of revocation of the bank's license. The Bank is also a member of the Association of Banks of Uzbekistan, the Republican Currency Exchange, the Republican Stock Exchange "Tashkent".

As of 31 December 2024, the Bank carries out banking activities through the Head Office and has 133 banking service centers in the Republic of Uzbekistan.

Legal and actual address of the Head Office of the Bank: 4, Amir Temur Street, 100047, Mirabad district, Tashkent city, Republic of Uzbekistan.

The average number of employees as of the reporting date was 3 341 (in 2023: 3 718).

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

Name of the shareholder	Ownership share	
	31 December 2024	31 December 2023
Ministry of Economy and Finance of the Republic of Uzbekistan	55,7%	72,7%
Fund for Reconstruction and Development of the Republic of Uzbekistan	43,6%	26,3%
Shareholders owning less than 1% of the Bank's share capital	0,7%	1,0%
Total	**100%**	**100,0%**

As of 31 December 2024 (2023 too), the Bank is under the actual control of the Government of the Republic of Uzbekistan.

Subsidiary of the Bank

In 2024, the Bank established "MKB KASANA INVEST GROUP" LLC (hereinafter referred to as the "Subsidiary"), in accordance with the legislation of the Republic of Uzbekistan, where the ownership share is 100%. The main activity of the Subsidiary is the provision of information and consulting services for the implementation and financing of projects in the financial market, including banks.

2. Operating environment in which the Group operates

The economy of the Republic of Uzbekistan has some features inherent in emerging markets: among them a low level of liquidity in the markets of debt and equity securities and the lack of free convertibility of the national currency outside Uzbekistan. In addition, the banking sector in the Republic of Uzbekistan is particularly vulnerable to political, legal, financial and regulatory transformations. Large state-owned banks of the Republic of Uzbekistan act as representatives of the state in the development of the country's economy. The government allocates funds from the country's budget, which go through banks to various government agencies and other public and private companies.

In 2024, the Government of the Republic of Uzbekistan continued to implement socio-economic reforms, liberalize the market with an emphasis mainly on attracting foreign direct investment. In this regard, the laws and regulations governing doing business in the Republic of Uzbekistan began to change rapidly. The prospects for economic stability and the future direction of the development of the Republic of Uzbekistan largely depend on the effectiveness of the economic, financial and monetary measures taken by the Government, as well as on the development of the legislative and regulatory framework and the political situation, which are beyond the control of the Group.

During 2024, the Government of the Republic of Uzbekistan has done work to further increase the level of capitalization of the domestic banking system, strengthen its liquidity and stability. In particular, the total capital of commercial banks as of January 1, 2025 is amounted to 114.8 trillion UZS, (at the end of 2023: 97.1 trillion UZS). At the moment, the total volume of attracted deposits of commercial banks amounted to 308.7 trillion UZS (at the end of 2023: 241.7 trillion UZS). The total volume of credit investments amounted to 533.1 trillion UZS (at the end of 2023: 471.4 trillion UZS), as well as the total volume of assets increased and amounted to 769.3 trillion UZS (at the end of 2023: 652.1 trillion UZS).

The following main economic indicators for 2024 were observed in Uzbekistan:

⇒ Gross domestic product (GDP) growth: 6.5% (2023: 6.0%);

⇒ Refinancing rate of the Central Bank of the Republic of Uzbekistan: 13.5% (2023: 14%);

⇒ Inflation rate not more than: 9.8% (at the end of 2023: 8.8%);

⇒ Official exchange rate: 31 December 2024: 1 US dollar = 12 920.48 UZS; 1 Euro = 13 436.01 UZS (31 December 2023: 1 US dollar = 12 338.77 UZS; 1 Euro = 13 731.82 UZS).

At the moment, the Group's management is monitoring developments in the current environment and taking the measures it deems necessary to support the sustainability and development of the Group's business for the foreseeable future. However, the impact of further economic changes on the Group's future operations and financial position is difficult to determine at this stage.

The accompanying consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) reflect management's assessment of the impact of economic conditions in the Republic on the Group's operations and financial position. Future economic conditions may differ from management's estimates.

Impact of climate change

The Group and its clients are exposed to physical risks associated with climate change and transition risks. Physical risks arise from weather events such as hurricanes, floods, wildfires, and long-term changes in climate conditions, such as sharp and sustained temperature increases, droughts, rising sea levels, and others. Transition risks may arise from changes in a zero-zero economy, such as changes in laws and regulations, litigation due to a failure to mitigate or adapt, and changes in supply and demand for certain goods, products and services due to changes in consumer behaviour and investor needs.

Management believes that it is not currently possible to unambiguously include climate risk factors in the measurement of expected credit losses. However, the Group is closely monitoring relevant developments in this area and considers that climate-related risks do not currently have a significant impact. By analysing the exposure of counterparties to climate risks, the Group understands that, in general, physical or transition risks associated with climate change will not have a material impact on the Group's counterparties.

3. Reporting basics

These consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (hereinafter referred to as "IFRS") for the year ended 31 December 2024 for Joint-Stock Commercial Bank "Microcreditbank" (hereinafter referred to as the "Bank") and its subsidiary (hereinafter referred to as the "Group") on the basis of the historical cost accounting rules, adjusted for the 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 Group maintains records in accordance with the requirements of the current legislation of the Republic of Uzbekistan. These consolidated financial statements have been prepared on the basis of these accounting records with adjustments necessary to bring them into compliance with IFRS in all material respects.

3.1. Functional and presentation currency

The national currency of the Republic of Uzbekistan is the "Uzbek soum" (hereinafter referred to as the UZS). The Uzbek soum has been selected as the functional currency and the currency in which these consolidated financial statements are presented.

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

3.2. Currency transactions

Foreign currencies, especially the US dollar and the Euro, play a significant role in determining the economic parameters of many economic transactions carried out in the Republic of Uzbekistan. The table below shows the exchange rates of the Uzbek soum against the US dollar and the Euro set by the Central Bank of the Republic of Uzbekistan (hereinafter referred to as the "Central Bank of the Republic of Uzbekistan").

Date	US Dollar	Euro
31 December 2024	12 920,48	13 436,01
31 December 2023	12 338,77	13 731,82

4. Important evaluations and professional judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to apply judgments, assumptions and estimates that affect the application of accounting policies and the recognition of the amounts of assets and liabilities, income and expenses in the consolidated financial statements. Accounting estimates and related assumptions are based on historical experience and other applicable factors necessary to determine the carrying amounts of assets and liabilities. Although estimates are based on management's best knowledge of the current situation, actual results may ultimately differ significantly from accepted estimates.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities in the following financial year. Estimates and assumptions are continuously reviewed on the basis of management's experience and other factors, including expectations about future events that management believes are reasonable in light of current circumstances. In applying accounting policies, management also uses professional judgment and evaluation. The judgement that has the most material effect on the amounts reported in the consolidated financial statements and the estimates that may result in material adjustments to the carrying amounts of assets and liabilities during the next financial year include:

Classification of financial assets.

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

Measurement of the provision for expected credit losses.

Measuring the provision for expected credit losses for financial assets measured at amortised cost and at fair value through other comprehensive income (FVTOCI) is an area that requires the use of sophisticated models and significant assumptions about future economic conditions and credit behaviour (e.g., the probability of counterparty default and resulting losses). A number of significant judgements are also necessary when applying accounting requirements to measure expected credit losses, such as:

⇒ Determination of criteria for a significant increase in credit risk;

⇒ Selection of appropriate models and assumptions for measuring expected credit losses;

⇒ Establishing the number and relative weights of possible future scenarios for each type of product/market and the corresponding expected credit loss; as well as

⇒ Creation of groups of similar financial assets for the purpose of estimating expected credit losses.

The provision for credit losses on financial instruments is influenced by a number of factors, which are set out below:

⇒ Transfers and related measurement of the credit loss provision between Stage 1 (12-month expected credit losses) and Stages 2 (Lifetime Expected Credit Losses - Unimpaired Assets) or 3 (Lifetime Expected Credit Losses - Impaired Assets) due to the fact that the balances have experienced a significant increase (or decrease) in credit risk within the same Stage or impairment during the period followed by an increase (or downgrade) from the expected credit losses for 12 months before the expected lifetime credit losses;

⇒ Making additional provision for newly recognised or purchased financial instruments during the period, as well as reversing them in respect of financial instruments that were derecognised during the period;

⇒ The impact on the estimate of expected credit losses of changes in the probability of default, debt at default and loss in the event of default during the period arising from regular updates of the model inputs;

⇒ The effect on the measurement of expected credit losses of changes in contractual interest requirements, taking into account the effect of time, since expected credit losses are measured on the basis of current present value;

⇒ Financial assets that were derecognised during the period and write-offs/recovery of valuation reserves relating to assets that were written off/reversed during the period;

⇒ Sales of subsidiaries and reclassifications to discontinued operations and assets held for sale;

⇒ The impact of changes in exchange rates when translating assets denominated in foreign currency and other movements.

Information on the inputs, assumptions, valuation methods and judgements used in measuring expected credit losses is described in detail in Notes 6 and 32.

The definition of terms related to the measurement of expected credit losses is provided in Note 32.

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. Where valuation methodologies (e.g., models) are used to determine fair value, they are approved and regularly reviewed by qualified employees who are independent of the department/unit applying these methodologies. All models are certified before they are used; Models are also adjusted to reflect actual data and comparative market prices. Within the framework of a valid model, only observable data are used, but areas such as credit risk (both own and counterparty risk), variability and correlation require management to make estimates. Changes in assumptions about these factors may affect fair value reported in the consolidated financial statements, described in more detail in Note 31.

5. Transition to new or revised standards and interpretations

Every year, the IASB updates international financial reporting standards: it issues both new documents and additions to existing standards. Here are a few changes that are mandatory to apply in the financial statements for the annual period beginning 01 January 2024:

⇒ IAS 1 Presentation of Financial Statements;

⇒ IFRS 16 Leases;

⇒ IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

In addition, from 01 January 2024, new standards for disclosure of information related to climate and other uncertainties in financial reporting, issued almost a year ago, will come into force:

⇒ IFRS S1 General requirements for disclosure of financial information related to sustainable development;

⇒ IFRS S2 Climate-related disclosures.

Two amendments to IAS 1 Presentation of Financial Statements. The first change concerns the classification of liabilities. According to the amendment "Classification of liabilities as current and non-current", a liability is classified as non-current if the company has the right to defer the settlement of the obligation for at least 12 months. And this right must exist at the end of the reporting period, regardless of whether the entity plans to exercise this right certain condition, then such a right exists on the date of the end of the reporting period only if the company has fulfilled all the conditions by this date.

The second amendment "Non-current liability with special conditions" suggests that an entity may classify liabilities arising under a loan agreement as non-current if the entity's right to defer the repayment of these obligations is conditional on the fulfillment of special conditions within 12 months after the end of the reporting period. Also, now it is necessary to disclose information in the notes to the financial statements that will allow users to understand the risk that liabilities may be recoverable within 12 months after the end of the reporting period. Namely:

⇒ information on special conditions when the enterprise must fulfill them;

⇒ the carrying amount of the related liabilities;

⇒ as well as facts and circumstances related to the fulfillment of these conditions.

Amendments to IFRS 16 Leases - Lease liabilities in sales and leasebacks IFRS 16 have been amended to clarify how companies should account for sales and leasebacks after the date of the transaction. The seller-lessee will now have to account for variable lease payments arising in a sale and leaseback transaction in the leaseback liability.

The new variable payment accounting model will require a revaluation and possibly recalculation of leaseback purchase and sale transactions concluded since 2019. A sale-leaseback transaction is when a business sells an asset and leases it from a new owner for a certain period of time. The new amendment complements the requirements of IFRS 16 on sales and leasebacks, and clarifies that the lessee-seller shall not recognise any gain or loss relating to the right of use retained by it. But this does not deprive him of the right to recognize those profits or losses that are associated with the partial or complete termination of such lease.

Changes to IAS 7 and IFRS 7 - Supplier Financing Arrangements. The IASB amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments regarding the requirements for disclosure of information about supplier financing arrangements in the financial statements. The new amendments will provide an opportunity to increase the transparency of supplier financing mechanisms, namely to assess the impact of agreements on the company's liabilities and cash flows. such as supply chain finance, accounts payable financing or reverse factoring.

Changes to IFRS 7 and IAS 7 include disclosure requirements:

⇒ terms of financing agreements;

⇒ the carrying amount of financial liabilities that are part of supplier financing agreements and the line items in which those liabilities are reflected;

⇒ the carrying amount of financial liabilities under which suppliers have already received payment from financial service providers;

⇒ the range of payment terms for financial obligations that are part of these agreements.

Under the amendments, companies are now required to disclose the type and impact of non-cash changes in the carrying amount of financial liabilities that relate to supplier financing agreements. The changes are effective for annual reporting periods beginning on or after 01 January 2024, no comparative information is required during the first year.

IFRS S1 and S2 sustainability standards. In June 2023, the IASB issued two new sustainability standards for the first time: IFRS S1 General Requirements for Sustainability-Related Financial Disclosures and IFRS S2 Climate-Related Disclosures.

They establish disclosure requirements for risks and opportunities related to sustainability and climate change that may affect an enterprise's cash flows, access to finance or cost of capital.

These two standards are the first steps in realizing the vision of the International Sustainable Standard Board (ISSB) to create a global framework for sustainability reporting. First of all, they are focused on investors and provide a clear idea of what kind of reporting companies must provide in order to meet the needs of global capital markets.

⇒ IFRS S1 contains a number of disclosure requirements to enable companies to communicate to investors the risks and opportunities associated with sustainability in the short, medium and long term.

⇒ IFRS S2 sets out requirements for climate-related disclosures and is intended for use with IFRS S1.

The standards came into force on 01 January 2024. They will be implemented in stages: in the first year, companies will be able to limit themselves to disclosing information on climate risks under IFRS S2, and from the second year they will have to publish data in accordance with the requirements of IFRS S1. During the transition period, the ISSB plans to establish a working group to support companies applying the new standards.

Since 2021, Uzbekistan has also switched to IFRS. According to the Decree of the President of the Republic of Uzbekistan dated 24 February 2020 No DP-4611 "On additional measures for the transition to international financial reporting standards", large taxpayers are the first to organize accounting under IFRS: joint-stock companies, commercial banks, insurance organizations and legal entities. They must prepare financial statements in accordance with IFRS, starting from the results of 2021.

Accordingly, accountants and financial specialists who are in one way or another related to these categories of enterprises need to learn how to work with IFRS reporting. And also understand the nuances of transformation and consolidation of financial statements according to international standards in order to be a valuable specialist in the enterprise.

Problems of transition to IFRS. The first problem faced by companies wishing to make the transition to IFRS is the psychological factor of specialists. Significant differences in terms of international and national standards lead to the need for psychological restructuring of employees. According to the requirements of the IASB Committee, states that have decided to implement international standards do not have the right to comment on or modify the source text. In other words, countries that have agreed to adopt international financial reporting standards should oblige all enterprises, companies and organizations to work with the original text. If organizations are unable to clarify certain points, they must get their questions answered on their own or with the help of professional companies.

In the English version of IFRS (in the original) there are a lot of concepts that do not have an exact correspondence and equivalent in many countries. And specialists working with international standards have to either use a new system of terms and concepts, or accept the English versions of the names into the vocabulary. In addition, there is no definite and regulated mechanism for obtaining clarifications in case of misunderstandings or ambiguities in the conditions of the functioning of an enterprise with IFRS. The cost of consulting foreign professionals is very high, translation and other explanations of international standards are accompanied by considerable costs.

Therefore, the main problem of implementing IFRS in practice is the discrepancy between international standards of psychology of specialists and current accounting practice.

The second problem is the transformation of financial statements into IFRS. Many economies of countries that have switched to IFRS are very different from the Western one. This consists in the absence of financial markets or their underdevelopment. And this, in turn, is accompanied by the impossibility of applying international accounting concepts. And some practical calculations become relative.

Ways of IFRS implementation. The main solution in this case is the development of targeted programs and training courses for specialists in accounting and other financial departments. Their professional development should be aimed at the preparation and independent analysis of financial statements, and not at technical issues of accounting.

⇒ adopt IFRS as they are;

⇒ adopt international standards with the possibility of their "limited modification";

⇒ develop national financial reporting standards, harmonizing them with IFRS as much as possible.

In management's opinion, the application of the above standards and interpretations will not materially affect the Group's consolidated financial statements during the period of initial application. The Group does not disclose new standards and interpretations that do not apply to the Group's operations or that will not materially affect the Group's consolidated financial statements.

Using estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS involves the use by management of estimates and assumptions that affect the amounts of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities during the next financial period. Because of the uncertainties inherent in such estimates, actual results presented in future reporting periods may be based on amounts that differ from those estimates.

The principle of going concern

Management has prepared these consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments that would be necessary due to economic uncertainty.

Possible adjustments may be made to the Group's consolidated financial statements when the need to reflect them becomes evident and it becomes possible to reliably assess their quantitative significance.

The Group believes that cash from current operating activities will be sufficient to meet current liabilities and to finance its current operating activities.

Initial recognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to a contract in respect of the relevant financial instrument. The Group accounts for acquisitions and disposals of financial assets and liabilities on standard terms at the settlement date. All financial assets are measured initially at fair value. Costs directly attributable to the acquisition or issuance are added to the original cost, except for financial assets that are remeasured at fair value through profit or loss.

Fair value of financial instruments

If the fair value of financial assets and financial liabilities recognised in the statement of financial position cannot be determined from prices in an active market, it is determined from the market prices of similar financial instruments or from different valuation models that include mathematical models. The inputs for such models are determined based on the observed market or judgment. Judgment is made taking into account factors such as the time value of money, the level of credit risk, the volatility of the instrument, the level of market risk, and other applicable factors.

Functional currency and presentation currency

The consolidated financial statements are presented in the currency of the Republic of Uzbekistan (Uzbek soum), which is the functional currency of the Group and the presentation currency, and which reflects the real economic substance of its main operations. The financial information in the consolidated financial statements has been rounded to the nearest one million Uzbek soums.

The Uzbek soum is not a convertible currency outside the Republic of Uzbekistan. Changes in the policy of the Government of Uzbekistan regarding the regulation of the Uzbek soum may have an impact on the financial position and results of banking activities.

6. Significant accounting policies

6.1. Fair value measurement

Fair value is the price that would have been received on the sale of an asset or paid on the transfer of a liability in an ordinary transaction between market participants at the valuation date in the main market or, in its absence, in the most favourable market to which the Group has access at that date. The fair value of an obligation reflects the risk of non-fulfillment.

To the extent possible, the Group measures the fair value of an instrument using quotes for that instrument in an active market. A market is considered active if quotes are readily available and reflect actual and regular transactions between independent market participants.

In the absence of current quotations in an active market, the Group uses valuation methods that make maximum use of observable inputs and minimize the use of unobservable inputs. The valuation methods chosen include all factors that market participants would have taken 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 Group determines that the fair value at initial recognition is different from the transaction price and the fair value is not supported by current quotations in an active market for a similar asset or liability and is not based on valuation methods that use only observable inputs, the financial instrument is initially measured at fair value adjusted to defer recognition of the difference between the transaction price and fair value Cost. After initial recognition, the difference shall be amortised in profit or loss over the life of the instrument, but no later than when the measurement is fully confirmed by the 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 methodology whose inputs include only information from the observed markets, the Group immediately recognises the difference between the transaction price and the fair value ("First Day Earnings") in profit or loss. In the case of non-observable information, the difference between the transaction price and the value determined on the basis of the model is recognised in profit or loss only if the inputs become observable or if the financial instrument is derecognised.

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

6.2. Effective interest rate (discount method)

The effective interest method is the reduction of all future cash flows expected on a financial asset or financial liability to the present value at the date the asset or liability arises at the discount rate.

The discounting method is used by the Group to determine the amortised 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 their present value.

Discounting of cash flows on financial assets and liabilities is based on future cash flows expected at the actual rate under the contract and the corresponding discount factor determined on the basis of the discount rate.

In the event that the cash flows of a financial instrument are expected for more than one period (interest income or expenses are accrued more than once on certain dates during the life of the financial instrument and/or the principal amount is repaid in installments), the calculation of future cash flows, the discount ratio and the discounted amounts of these flows is carried out for each such period. The present present value of the financial instrument at the date of its occurrence is then the sum of the discounted future flows of the instrument for each period.

The effective interest rate is applied to the gross carrying amount of the financial instrument. The effective interest rate, adjusted for credit risk, is applied to the acquired or credit-impaired financial assets.

For financial assets that are subsequently credit-impaired are also applied to amortised cost. If the credit risk of a credit-impaired financial asset subsequently decreases to such an extent that the asset ceases to be such, the effective interest rate shall be applied to the gross carrying amount of the financial instrument from the next reporting period.

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

6.3. Amortised cost of a financial instrument

The amortised cost of a financial instrument at the end of each reporting period is a measure calculated as the amortised cost of that instrument at the end of the previous reporting period, plus or minus the amount of depreciation, which is the difference between the cash flows for that reporting period, calculated at the effective interest rate, and the cash flows actually received or paid for that period.

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

⇒ movement of the principal amount issued/received;

⇒ interest income or expenses;

⇒ additional commissions received/paid at the time of disbursement/attraction of a loan (such as fees for organizing and issuing a loan, considering a loan application, opening and maintaining a loan account, etc.) or issuing a debt obligation (for example, bonds);

⇒ other commissions subject to reliable assessment, the payment of which is a prerequisite for the issuance of a loan / issuance of obligations or will be made on a regular basis in accordance with the terms of the agreement.

Interest income and expenses on financial instruments recognised at initial recognition at cost are recognised in the income statement on the basis of the actual rate under the contract.

If a financial instrument has a new fair value for initial recognition, interest income or expense is calculated and recognised on the basis of the market interest rate used to determine the new fair value of the financial instrument, which subsequently becomes the effective interest rate on the instrument.

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

Interest income and expenses on financial instruments, the amortised cost of which is calculated by discounting flows at the effective interest rate, are calculated based on the new initial cost of the financial instrument at the effective interest rate.

6.4. Financial assets and liabilities

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;
- characteristics of the financial asset related to the cash flows provided for under the contract.

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

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

⇒ the financial asset is held as part of a business model that aims to retain it in order to collect contractual cash flows;

⇒ the contractual terms provide for the receipt of cash flows on certain dates, which are exclusively payments on account of the principal amount of the debt and interest on the outstanding part of the principal amount of the debt.

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

⇒ the principal amount of 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 with respect to principal remaining outstanding for a period of time, and for other ordinary risks (e.g., 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. it is modified. In this case, the Group makes a qualitative or, if necessary, quantitative assessment of the significance of the effect of the modified time value of money.

Financial assets are measured at fair value through other comprehensive income if the following conditions are met:

⇒ a financial asset is held in a business model that aims to both hold to collect contractual cash flows and sell financial assets.

⇒ the contractual terms provide for the receipt of cash flows on certain dates, which are exclusively payments on account of 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 measurement at amortised cost or at fair value through other comprehensive income.

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

⇒ financial liabilities measured at fair value through profit or loss;

⇒ financial liabilities that arise when the transfer of a financial asset does not meet the derecognition requirements or when the continuing involvement accounting principle applies;

⇒ financial guarantee agreements;

⇒ obligations to provide loans at an interest rate below the market rate;

⇒ contingent consideration resulting from a business combination.

Business Model Evaluation

The Group assesses the purpose of the business model in which the asset is held at the portfolio level because this best reflects the way the business is managed and the way in which the information is presented to management. The information analyzed includes:

⇒ Policies and objectives established for portfolio management and the implementation of those policies. In particular, whether the management strategy is focused on generating interest income provided for in the contract, maintaining a certain structure of interest rates, ensuring that the maturities of financial assets correspond to the maturities of financial liabilities used to finance these assets, or the realization of cash flows through the sale of assets.

⇒ How the performance of the portfolio is evaluated and how this information is communicated to the Group's management.

⇒ Risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

⇒ How the managers responsible for managing the portfolio are remunerated (eg whether the remuneration depends on the fair value of those assets or on the contractual cash flows derived from the assets).

⇒ Frequency, volume and timing of sales in past periods, the reasons for such sales, as well as expectations regarding the future level of sales. However, information on sales levels is not considered in isolation, but as part of a single holistic analysis of how the Group's stated objective of managing financial assets is achieved and how cash flows are realized.

Financial assets held for trading or managed and measured on the basis of fair value are measured at fair value through profit or loss because they are not held either for the purpose of collecting contractual cash flows, or for the purpose of both obtaining contractual cash flows and selling financial assets.

Assessing whether the cash flows provided for in the contract are solely principal and interest payments.

For the purposes of this valuation, "principal> is defined as the fair value of a financial asset at initial recognition. "Interest" is defined as consideration for the time value of money, for credit risk with respect to principal remaining outstanding over a period of time, and for other major risks and costs associated with lending (e.g., liquidity risk and administrative costs), and also includes profit margins.

In assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the "SPPI criterion"), the Group analyses the contractual terms of the financial instrument. This includes assessing whether the terms of the contract for the financial asset include a condition that may change the timing or amount of the cash flows under the contract so that the financial asset will not satisfy the requirement being analysed.

In conducting the assessment, the Group takes into account:

⇒ contingencies that may change the timing or amount of cash flows;

⇒ conditions that have the effect of leverage;

⇒ conditions for early repayment and prolongation of the validity period;

⇒ conditions that limit the Group's claims to cash flows from certain assets (e.g., non-recourse assets);

⇒ conditions that result in a change in the compensation for the time value of money – for example, a revision of interest rates on a periodic basis.

The Group has determined that for a portfolio of long-term loans issued at a fixed interest rate, for which the Group has the right to revise the interest rate in the event of a change in the refinancing rate set by the Central Bank of the Republic of Uzbekistan, and for which borrowers have the right to either agree to the revised rate or repay the loan at a nominal value reduced by the amount of principal payments and increased by the amount of accrued, but unpaid interest, without penalty, the contractual cash flows on these loans are solely principal and interest payments, as this right causes the interest rate to change in such a way that the interest represents consideration for the time value of the money, credit risk, other major risks associated with lending and costs associated with the principal amount remaining outstanding. As such, the Group views these loans as floating rate loans in nature.

General principles of initial valuation of financial instruments

Financial instruments (financial assets and financial liabilities) are recognised in the Group's accounting records if the Group becomes a party to the contract in respect of the financial instrument.

With the exception of trade receivables (which do not contain a significant funding component) and a financial asset or financial liability measured at fair value through profit or loss, financial instruments are initially recognised at fair value, increased or diminished in the case of the financial asset or financial liability, by the amount of transaction costs that are directly attributable to the acquisition or issuance of the financial asset financial liability. The best evidence of the fair value of a financial instrument at initial recognition is generally the transaction price.

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

If there is no actual contract rate for a financial instrument or if it deviates materially from the market rate for that (similar/similar) instrument at the date it is incurred, the new fair value of the financial instrument is determined for initial recognition. Herewith:

⇒ In the absence of information on market rates for a given financial instrument (or if they cannot be determined with a sufficient degree of certainty), the actual rate under the contract in respect of this instrument is subject to comparison with market rates for transactions in similar/similar financial instruments;

⇒ The deviation of the actual rate under the contract from the market rate for this or a similar/similar financial instrument as of the date of its occurrence is considered material. The decision on materiality is made on the basis of the professional judgments of the responsible persons, taking into account the content and features of the relevant transaction.

The new fair value of a financial instrument for initial recognition is determined by the market interest rate discounting method and is the fair value of that instrument at the date it is incurred, ie the present value of all future (expected) cash flows of the instrument at the date of its inception discounted at the market interest rate on that or a similar/similar financial instrument. The difference between the actual costs at the date of inception of a financial instrument and its new initial cost, depending on the reason for its occurrence, may be recognised in equity, income statement or other assets/liabilities of the Group.

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

⇒ from well-known interest rates published or posted in the information systems of www.cbu.uz (official website of the Central Bank of the Republic of Uzbekistan) or state authorities and management on the Internet;

⇒ from the refinancing rate of the Central Bank of the Republic of Uzbekistan for the corresponding period.

In particular, when determining the market rate on consumer lending agreements, the Group uses information published by the Central Bank of the Republic of Uzbekistan on the full cost of consumer credit, determining the range of market rates as: the upper limit of the range is the rate of the cost of consumer credit and the lower limit of the range is the refinancing rate of the Central Bank of the Republic of Uzbekistan for the relevant period.

Reclassification

The classification of financial assets after initial recognition does not change except in the period following the Group's change in its financial asset management business model. The Group shall reclassify financial assets only if it has changed the business model used to manage those financial assets. Such changes are expected to occur very rarely. Such changes should be determined by the Group's top management as a consequence of external or internal changes and should be significant to the Group's operations and obvious to external parties. Accordingly, a change in the purpose of the Group's business model may occur if and only when the Group commences or ceases to carry out an activity that is significant in relation to its operations; for example, in the event that the Group acquires, disposes of or terminates a business.

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

Derecognition of financial instruments

A financial asset is derecognised only when:

⇒ contractual rights to the cash flows from that financial asset expire, or

⇒ The Group transfers a financial asset and the transfer satisfies the derecognition requirements.

In the event of a material modification to a financial asset, the Group derecognises it and recognises a new asset. The Group determines the criteria for material modification as:

⇒ change in the currency of the financial instrument;

⇒ change of a fixed interest rate to a floating interest rate and vice versa;

⇒ replacement of the debtor.

Derecognition of a financial liability is made only if it is extinguished, that is, when the obligation specified in the contract is fulfilled, canceled or expired.

The transfer of a financial asset means:

⇒ the transfer of contractual rights to receive the cash flows from that financial asset to another party, or

⇒ retaining contractual rights to receive cash flows from a financial asset while assuming contractual obligations to pay those cash flows to one or more recipients under the contract.

When transferring a financial asset, the degree of risks and rewards associated with owning the financial asset is assessed. In this case:

⇒ if the Group transfers substantially all the risks and rewards associated with ownership of a financial asset, it derecognises the financial asset and recognises separately as assets or liabilities those rights and liabilities that are created or retained on the transfer.

⇒ if the Group retains substantially all the risks and rewards associated with holding a financial asset, it continues to recognise the financial asset;

⇒ if the Group does not transfer or retain substantially all of the risks and rewards associated with ownership of a financial asset, it shall determine whether control of the financial asset is retained. And in this case:

- if the Group does not retain control, it derecognises the financial asset and recognises separately as an asset or liability those rights and obligations that are created or retained by the transfer.
- if the Group retains control, it continues to recognise a financial asset to the extent that it continues to be involved in that financial asset.

When derecognition, the difference between the carrying amount of the financial asset transferred to the other party (measured at the derecognition date) and the amount of funds received or due in exchange for that asset, less liabilities assumed at the same time, shall be recognized in the income statement for the reporting period.

A material changes in the terms of a financial liability (regardless of the reasons for the change), including an exchange of liabilities with materially different terms, is accounted for as the settlement of the old liability and the recognition of a new one, with the difference between them reflected in the income statement. A material change is a change in which the present t value of cash flows in accordance with the new conditions differs from the current present value of the remaining cash flows of the original financial liability by 5% or more.

When derecognition, the difference between the carrying amount of the financial liability liquidated or transferred to another party, including the related under-amortised part of the actual costs, and the amount of consideration paid for it shall be recognized in the income statement for the reporting period.

Depreciation

The Group recognises an provision for expected credit losses on the following financial instruments not measured at fair value through profit or loss:

⇒ loans to customers;

⇒ debt investment securities;

⇒ net investment in financial leasing;

⇒ issued financial guarantee agreements; and

⇒ issued loan obligations.

The Group recognises provisions for expected credit losses in an amount equal to lifetime expected credit losses, 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 as of 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 Group believes that a debt security has a low credit risk if its credit rating meets the globally accepted rating definition of "investment quality".

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

Estimating expected credit losses

Expected credit losses are an estimate of credit losses weighted by the degree of probability of default. They are evaluated as follows:

⇒ **for financial assets that are not credit-impaired at the reporting date:** as the present value of all expected cash shortfalls (ie the difference between the cash flows contractually due to the Group and the cash flows that the Group expects to receive);

⇒ **for financial assets that are credit-impaired at the reporting date:** as the difference between the gross carrying amount of the assets and the present value of estimated future cash flows;

⇒ **In respect of the unused portion of loan commitments**, how to calculate the difference between the contractual cash flows due to the Group under the contract if the borrower exercises its right to receive a loan and the cash flows that the Group expects to receive if the loan is issued; and

⇒ **In respect of financial guarantee contracts,** as the present value of the expected payments to the holder of the contract to compensate for the credit loss suffered by the holder less the amounts that the Group expects to recover.

Restructured financial assets

In the event that the terms of a financial asset are revised or modified by agreement of the parties, or an existing financial asset is replaced by a new one due to the borrower's financial difficulties, an assessment is made to determine whether the financial asset should be derecognised and the expected credit losses are assessed as follows:

⇒ If the expected restructuring does not result in the derecognition of the existing asset, the expected cash flows of the modified financial asset are included in the calculation of the cash shortfall on the existing asset.

⇒ If the expected restructuring results in the derecognition of an existing asset, the expected fair value of the new asset is treated as the final cash flow of the existing asset at the time it is derecognised. This amount is included in the calculation of the cash shortfall on the existing financial asset that is discounted from the expected derecognition date to the reporting date using the original effective interest rate on the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses financial assets carried at amortised cost and debt financial assets carried at fair value through other comprehensive income for credit impairment. A financial asset is "credit-impaired" when it defaults.

Provision for expected credit losses

The amounts of the loan loss allowance are presented in the statement of financial position as follows:

⇒ financial assets measured at amortised cost: as a decrease in the gross carrying amount of these assets;

⇒ loan obligations and financial guarantee agreements: in general, as a reserve;

⇒ if a financial instrument contains both a claimed and an unclaimed component and the Group is unable to determine the expected credit losses on the assumed loan obligation separately from the expected credit losses on the part already claimed (the loan issued): The Group presents a total loss allowance for both components. The aggregate amount is presented as a decrease in the gross book value of the claimed part (the loan issued). Any excess of the loss allowance over the gross carrying amount of the loan issued is presented as a provision; and

⇒ Debt instruments measured at fair value through other comprehensive income: loss allowance is not recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the amount of the loss allowance is disclosed and recognised as part of the allowance for changes in fair value.

Write-offs

Loans and debt securities are subject to write-off (partially or in full) when there is no reasonable expectation of their repayment. Typically, this is the case when the Group determines that the borrower does not have assets or sources of income that can generate cash flows sufficient to settle the amounts of debt to be written off. However, with respect to financial assets that have been written off, the Group may continue to carry out debt collection activities in accordance with the recovery policy.

Cash and cash equivalents

Cash and cash equivalents are items that are readily convertible into a specified amount of cash and are subject to slight changes in value. Cash and cash equivalents include all interbank deposits, overnight deposits and reverse repo agreements with other banks with an initial maturity of up to one business day. 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 amortised cost because **(i)** they are held to collect contractual cash flows and those cash flows are exclusively payments of principal and interest, and **(ii)** they are not measured at fair value through profit or loss. Conditions imposed solely by law (eg debt conversion provisions in 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 law were subsequently changed.

Disbursements or receipts presented in the statement of cash flows represent transfers of cash and cash equivalents to the Group, including amounts accrued or credited to the Group's current accounts of the Group's counterparties, such as interest income on a loan or principal recovered from a customer's current account, interest payments or loans issued, credited to the client's current account, representing cash or its equivalent from the client's point of view.

Required reserves in accounts with the Central Bank of the Republic of Uzbekistan

Required reserves in accounts with the Central Bank of the Republic of Uzbekistan are carried at amortised cost and represent funds deposited with the Central Bank of the Republic of Uzbekistan that do not accrue interest and are not intended to finance the Group's day-to-day operations. Consequently, they are excluded from cash and cash equivalents for the purposes of preparing the statement of cash flows.

Bank card payments

The initial recognition of pending settlements on bank cards occurs when there is a legal right to receive or a legal obligation to pay funds in accordance with the terms of the contract. Pending bank card settlements are recorded at amortised cost.

Funds in banks

Funds from other banks are recognised when the Group provides cash to counterparty banks in advance payments. Funds from other banks are carried at amortised cost if **(i)** they are held to collect contractual cash flows and those cash flows are solely principal and interest payments, and **(ii)** they are not classified as measured 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 amortised cost; they are initially measured at fair value taking into account the incremental direct costs of the transaction, and then at amortised cost using the effective interest method;

⇒ loans and advances to customers, assessed according to the SSPU on a mandatory basis; Such loans are measured at fair value with immediate recognition of changes in their value in profit or loss. and

⇒ finance lease receivables.

When the Group acquires a financial asset and at the same time enters into an agreement to resell the asset (or substantially similar asset) at a fixed price at a future date, the arrangement is accounted for as a loan or advance and the underlying asset is not recognised in the Group's financial statements.

Collateral received in ownership for non-payment

Collateral received for non-payment represents the financial and non-financial assets received by the Group in the settlement of overdue loans. These assets are initially recognised at fair value on receipt and included in property, plant and equipment, other financial assets, investment property or inventories in other assets, depending on their nature and the Group's intention to recover these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these asset categories.

If the receipt of collateral for non-payment results in the acquisition of control of the business, the business combination is accounted for using the acquisition method, with the fair value of the settled loan representing the cost of acquisition. The accounting policy for associates applies to shares received for non-payment when the Group acquires significant influence but no control. The value of the associate is equal to the fair value of the loan settled by taking ownership of the pledged shares.

Investments in debt securities.

Based on its business model and cash flow characteristics, the Group classifies investments in debt securities as measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. Debt securities are carried at amortised cost if they are held to obtain contractual cash flows, these cash flows are solely payments of principal and interest and are not defined as measured at fair value through profit or loss on a voluntary basis in order to significantly reduce the accounting discrepancy.

Debt securities are carried under the TOCI if they are held for contractual cash flows and for sale, are only principal and interest payments, and are not designated at fair value through profit or loss. Interest income on these assets is calculated using the effective interest method and is recognised in profit or loss. An allowance for impairment determined on the basis of the expected credit loss model is recognised in profit or loss for the year. All other changes in carrying amount are recognised in other comprehensive income. When a debt security is derecognised, the comprehensive gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss.

If investments in debt securities do not qualify for amortised cost or fair value through other comprehensive income, they are carried at fair value through profit or loss. The Group may also designate investments in debt securities unconditionally at fair value through profit or loss at initial recognition if the use of this capability significantly reduces the accounting mismatch between financial assets and liabilities recognised or measured using different accounting methods.

Investments in equity securities

Financial assets that meet the definition of equity from an issuer's point of view, i.e. instruments that do not contain a contractual obligation to pay cash and show that there is a residual interest in the issuer's net assets, are treated by the Group as investments in equity securities. Investments in equity securities are measured at fair value through profit or loss, unless the Group unconditionally elects to classify the equity investments at fair value through other comprehensive income at initial recognition. It is the Group's policy to designate equity investments at fair value through other comprehensive income when those investments are held for purposes other than investment income. If fair value measurement is chosen through other comprehensive income, fair value revaluation gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversary, if any, are not measured separately from other changes in fair value. Dividends continue to be recognised in profit or loss when the Group's right to receive payments is established, unless they represent a reimbursement of an investment rather than a return on such investment.

Derivative financial instruments

Derivative financial instruments, including forward and futures contracts, options contracts and swap transactions, are carried at fair value. All derivatives are accounted for as assets if the fair value of the 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 income statement as "Income less expenses / (expenses less income) on transactions with foreign currency, foreign exchange derivatives and from revaluation of foreign currency". Changes in the fair value of derivative financial instruments with precious metals are classified as "income less expenses / (expenses less income) on transactions with precious metals, derivative financial instruments with precious metals and from the revaluation of accounts in precious metals"; changes in the fair value of derivatives with securities, interest rate derivatives and other derivative financial instruments to "income less expenses / (expenses less income) on transactions with other derivative financial instruments".

Fixed assets

Fixed assets are carried at cost or at revalued cost as described below, less accumulated depreciation and provision for impairment (if any).

Profit and losses arising from the disposal of fixed assets are determined on the basis of their residual value and are recorded as operating expenses in the statement of comprehensive income.

Repair and maintenance costs are reported in the statement of comprehensive income when they are incurred.

Construction in progress is accounted for at cost less an allowance for impairment.

Upon completion of construction, assets are transferred to fixed assets and are recorded 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

The Group's intangible assets, other than goodwill, have a certain useful life and mainly include capitalised software, as well as intangible assets acquired as a result of a combination of companies (for example, a customer base and a trademark). Acquired and recognised intangible assets are capitalised on the basis of the costs incurred to acquire and introduce those assets. After initial recognition, intangible assets are carried at cost less any accumulated depreciation and any accumulated impairment losses. Intangible assets are depreciated on a straight-line basis and are measured for impairment if there is evidence that the assets are impaired.

Depreciation

Depreciation of a fixed asset begins from the moment it is put into operation. Depreciation is calculated using the straight-line method over the following useful lives of assets:

⇒ Buildings - 20 years;

⇒ Office and computer equipment - from 5 to 10 years;

⇒ Vehicles - 5 years;

⇒ Intangible assets – 5 years.

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

At the end of its useful life, the residual value of an asset is the estimated amount that the Group would receive at present if the asset were to be sold, less the estimated cost of disposal if the condition and age of the asset were consistent with the age and condition that the asset would have at the end of its 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 Group acts as a lessee and all risks and gains from ownership of the leased items are not transferred by the Group's lessor, the total amount of payments under operating leases is recognised in profit or loss accounts on a straight-line basis over the lease term. When assets are transferred to operating leases, lease payments receivable are recognised as lease income in operating lease income in the income statement using the straight-line write-off method over the lease term.

Financial lease

In a finance lease, all the risks and rewards associated with ownership of the asset are transferred. Where the Group is a lessor, the Group accounts lease receivables in an amount equal to the net investment in the lease from the commencement date of the lease term. Finance income is calculated according to a scheme that reflects a constant periodic rate of return on the current value of net investments. Initial direct costs are included in the cost at the initial recognition of lease payments. Net investments in finance leases are recorded in loans and advances to customers.

Finance lease liabilities

When the Group acts as a lessee and all risks and rewards of ownership are transferred to the Group, the leased assets are accounted for in property, plant and equipment from the date the lease relationship arises at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is charged partly to the repayment of the obligation and partly to finance expenses in order to ensure a constant interest rate on the balance of the finance lease debt. The corresponding lease liabilities less future finance costs are included in the item "Other borrowings". Interest expense is recognised in profit or loss for the year over the lease term using the effective interest method. Assets acquired under a finance lease are amortised over their useful lives or, if the Group is not reasonably certain that it will acquire ownership at the end of the lease term, over a shorter lease term.

Discontinued operations

A discontinued operation is a component of the Group that has been sold or classified as held for sale and **(i)** represents a separate significant line of business or a geographical area of business; **(ii)** is part of a single coordinated plan for the disposal of a single significant business or geographic area of operation; or **(iii)** is a subsidiary acquired solely for the purpose of subsequent resale. Revenue from discontinued operations is recognised separately from continuing operations with appropriate re-disclosures of comparative information.

Financial liabilities

The Group classifies its financial liabilities other than financial guarantees and loan liabilities as measured at amortised cost or SSPA.

Derecognition of financial liabilities

Financial liabilities are derecognised when they are settled (i.e., when the obligation specified in the contract is fulfilled or terminated or when it expires).

Financial liabilities designated at fair value through profit or loss

The Group may designate certain liabilities as measured at fair value through profit or loss at initial recognition. Gains and losses on such liabilities are presented in profit or loss other than the amount of changes in fair value that are attributable to changes in the liability's credit risk (defined as the amount that is not attributable to changes in market conditions that give rise to market risk) that is recognised in other comprehensive income and is not subsequently reclassified to profit or loss. This is possible if such a view does not create or exacerbate the accounting discrepancy. In this case, gains and losses related to changes in the credit risk of the liability are also recognised in profit or loss.

Due to banks

Banks' funds are accounted for starting from the moment the Group issues cash or other assets by counterparty banks. Banks' funds are non-derivative financial liabilities and are carried at amortised cost or at the SPA.

Customer Funds

Funds of individuals and corporate customers include non-derivative financial liabilities to individuals and corporate clients (including government agencies and companies controlled by the state) and are carried at amortised cost or at the AS of the SPA.

Debt securities issued

Debt securities issued include promissory notes, certificates of deposit and savings certificates, as well as other debt instruments issued by the Group. Debt securities issued, other than equity participations described below, are carried at amortised cost. If the Group buys back its own debt securities, they are excluded from the statement of financial position and the difference between the current value of the liability and the amount paid is included in other operating income in the income statement.

Other borrowings

Other borrowings are represented by syndicated loans raised by the Group in the financial markets, as well as trade finance transactions. Other borrowings are carried at amortised cost.

Loan commitments

The Group issues loan commitments. Such liabilities represent irrevocable obligations or liabilities that can only be withdrawn in response to material adverse changes. Such liabilities are initially carried at fair value, usually evidenced by the amount of interest received. This amount is amortised on a straight-line basis over the life of the obligation, except for the obligation to extend loans, in where it is probable that the Group will enter into a specific loan agreement and do not plan to implement the loan within a short period of time after it has been disbursed; Such fee and commission income related to the loan obligation is accounted for as deferred income and included in the carrying amount of the loan at initial recognition. At the end of each reporting period, liabilities are measured as **(i)** the unamortised balance of the amount at initial recognition plus **(ii)** the amount of the contingent allowance determined on the basis of the expected credit loss model, if the liability is not to extend a loan at an interest rate below the market rate, then the amount of the liability is equal to the higher of the two amounts. The carrying amount of the loan liabilities is Obligation. For contracts that include a loan and an unused liability, if the Group is unable to separately identify the expected credit losses for the unused credit component and the loan component, the expected credit losses on the unused liability are recognised together with the loan loss allowance. Expected credit losses in the amount of the excess of total expected credit losses over the gross carrying amount of the loan are recognised as a liability.

Financial guarantees

Financial guarantees require the Group to make certain payments to reimburse the guarantor for losses incurred in the event that the debtor fails to make timely payment under the original or modified terms of the debt instrument.

Financial guarantees are initially measured at fair value, usually supported by the amount of interest received. This amount is amortised on a straight-line basis over the life of the guarantee. At the end of each reporting period, liabilities are measured at the higher of **(i)** the amount of the allowance for losses on the guarantee determined using the expected credit loss model, and **(ii)** the remaining unamortised balance of the amount recognised at initial recognition. In addition, a provision for expected credit losses is recognised for interest receivables that are recognised as an asset in the statement of financial position.

Guarantees for the performance of obligations

Performance guarantees are contracts that provide for compensation if the other party to the contract fails to perform its contractual obligation. In addition to credit risk, these contracts transfer the non-financial risk of non-performance of the contractual obligation. Performance guarantees are initially recognised at fair value, usually confirmed by the amount of interest received during the term of the contract. At the end of each reporting period, performance guarantee contracts are measured at the higher of **(i)** the unamortised balance of the initial recognition amount; and **(ii)** the amount of loss for the liability determined on the basis of the expected loss model. Where the Group has a contractual right to apply to the customer for reimbursement of amounts paid to settle performance guarantee contracts, those amounts shall be be recognised as an asset after the loss compensation is transferred to the beneficiary under the guarantee. These payments are recognised as fee and commission income in profit or loss.

Settlements with suppliers and other accounts payable

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

Authorized capital

Ordinary shares and non-redeemable shares are recognised in equity. Third-party service costs directly attributable to the issuance of new shares, except in the case of a business combination, are recognised in equity as a reduction in the amount received from the issue. The excess of the fair value of the proceeds received over the nominal value of the shares issued is recognised as additional capital.

Dividends

Dividends are recognised as liabilities and are deducted from equity at the end of the reporting period only if they are declared up to and including the end of the reporting period. Information on dividends is disclosed in a note on events that occurred after the end of the reporting period, if they were declared 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 financial statements prepared in accordance with the legislation of the Republic of Uzbekistan.

Once approved by the general meeting of shareholders, dividends are recognised in the consolidated financial statements as a distribution of profits.

Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to the holders of the Group's shares by the weighted average number of shares outstanding during the reporting period.

Interest income and expenses calculated using the effective interest rate method

Interest income and expense on all debt instruments measured at amortised cost and measured at fair value through other comprehensive income are recognised on an accrual basis using the effective interest method.

Such calculation includes in interest income and expenses all commissions and payments paid and received by the parties to the contract and forming an integral part of the effective interest rate, transaction costs, as well as all other premiums or discounts.

Fees related to the effective interest rate include fees received or paid by an entity in connection with the formation or acquisition of a financial asset or the issuance of a financial liability (e.g., fees for assessing creditworthiness, assessing or accounting for guarantees or collateral, for settling the terms of the instrument and for processing transaction documents).

Fees on the obligation received by the Group for making a loan at market rates are an integral part of the effective interest rate if it is probable that the Group will enter into a specific loan agreement and does not plan to sell the loan within a short period of time after it is disbursed. The Group does not classify a credit obligation as a financial liability measured at fair value through profit or loss.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except:

⇒ financial assets that have become impaired (Stage 3) and for which interest income is calculated by applying an effective interest rate to their amortised cost (less provision for expected credit losses);

⇒ credit-impaired financial assets created or acquired, for which the original effective interest rate, adjusted for credit risk, is applied to amortised cost.

Fee and commission income and expenses

Fee and 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.

A contract with a customer that results in the recognition of a financial instrument in the Group's consolidated financial statements may be partly within the scope of IFRS 9 and partly within the scope of IFRS 15. In this case, the Group first applies the requirements of IFRS 9 to separate and account for the part of the contract that is within the scope of IFRS 9 and then applies IFRS 15 to the remainder.

The Group recognises other fee and commission income when or to the extent that it fulfils its obligation to perform under the contract by providing a service to the customer.

Other interest income and expenses

Other interest income and expenses represent interest income and expenses on debt instruments measured at FVTPL and are recorded on an accrual basis using a nominal interest rate.

Taxation

Income tax expense includes current and deferred taxes and is recorded in the income statement and other comprehensive income. Taxation expenses are reflected 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 the income tax rates in effect during the reporting period.

Current tax amounts are funds payable to the budget or refunded from the budget in connection with taxable profits or losses of the current or previous period. If the consolidated financial statements are allowed to be issued prior to the filing of the relevant tax returns, the tax amounts reflected therein are based on estimates.

Deferred income tax is calculated using the book assets and liabilities method in respect of all tax losses to be carried forward and temporary differences between the taxable basis of assets and liabilities and their carrying amounts for the purposes of the consolidated financial statements.

Deferred tax amounts are measured at tax rates that are actually effective at the end of the reporting period or that are expected to apply during the period of reversal of temporary differences or uses carried forward from prior tax losses. Deferred tax assets and liabilities are set off against each other if there is a legally enforceable right to offset current tax assets and liabilities. Deferred tax assets in respect of deductible temporary differences and tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available against which the deductions can be used. Management judgement is required to determine the amount of deferred tax assets that can be recognised in the consolidated financial statements based on the likely timing and amount of future taxable profit and future tax planning strategies.

In addition, the Republic of Uzbekistan has various operating taxes applicable to the Group. These taxes are recognised in the income statement and other comprehensive income as operating expenses.

Offsetting

Financial assets and liabilities are offset and the net present value is recognised in the statement of financial position only when there is a statutory right to offset the amounts recognised and there is an intention either to offset or to realise the asset and settle the liability at the same time. The right to offset **(a)** must not be conditional on a future event and **(b)** shall be valid in all of the following circumstances: **(i)** in the ordinary course of business, **(ii)** in the event of default, and **(iii)** in the event of insolvency or bankruptcy.

Employee remuneration and social security contributions

On the territory of the Republic of Uzbekistan, the Group makes deductions for the unified social tax. These deductions are also reflected on an accrual basis. The unified social tax includes contributions to the Pension Fund. The Group does not have its own pension scheme. Salary, state pension and social insurance contributions, paid annual leave and sick leave, bonuses and non-cash benefits are accrued as the relevant services are provided by the Group's employees.

Segment Information

Operating segments are identified on the basis of internal reports on the Group's components, which are regularly reviewed by the Chief Operating Decision Officer in order to allocate resources to the segments and assess their performance.

The Group assesses information on reportable segments in accordance with IFRS. A reportable operating segment is allocated 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 measure of profit or loss is at least 10 per cent of the greater of **(i)** the aggregate profit of all operating segments that did not show a loss and **(ii)** the aggregate loss of all operating segments that showed a loss; or

⇒ Its assets account for at least 10 percent of the total assets of all operating segments.

⇒ its assets and liabilities amount to at least 10 percent of the total capital.

In the event that the total external sales revenue shown by operating segments is less than 75 per cent of the entity's revenues, additional operating segments are recognised as reportable segments (even if they do not meet the quantitative criteria set out above) until at least 75 per cent of the Group's revenue is included in the reported segments.

Foreign currency

Transactions in foreign currencies are initially translated into functional currency at the exchange rate of the Central Bank of the Republic of Uzbekistan effective on the date of the transaction. Gains and losses arising from the translation of transactions in foreign currencies are reflected in the income statement in the line income less expenses from the revaluation of foreign currency. Non-monetary items recorded at actual cost in foreign currency are translated at the exchange rate of the Central Bank of the Republic of Uzbekistan effective on the date of the transaction. Non-monetary items carried at fair value in a foreign currency are translated at the exchange rate in effect at the date of fair value.

At the date of the consolidated financial statements, the Group's assets and liabilities whose functional currency differs from the presentation currency of the Group are translated into PSM at the exchange rate prevailing at the reporting date and their income statements are translated at the weighted average annual rate. Exchange differences arising from such translation are recognised in other comprehensive income. On the disposal of a subsidiary or associate whose functional currency is different from the presentation currency of the Group, the total amount recognised in other comprehensive income attributable to that entity is reclassified from other comprehensive income to profit or loss for the reporting period.

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

Transactions with related parties

The Group conducts transactions with related parties. The parties are considered to be related, including if one of them has the ability to control the other, together with the other party is under common control, is under the joint control of the other party and the third party, or can have a significant influence on the other party's financial and operational decisions.

7. Cash and cash equivalents

	31 December 2024	31 December 2023
Cash and cash equivalents measured at amortised cost	2 811 872	1 546 025
Cash and cash equivalents measured at fair value through profit or loss	-	-
Total cash and cash equivalents	**2 811 872**	**1 546 025**

Cash and cash equivalents measured at amortised cost

Cash on hand	874 095	722 232
Balances of funds on current accounts with the Central Bank of the Republic of Uzbekistan	496 126	260 293
Balances of funds on current accounts in other banks	1 442 540	564 902
Provision for credit losses	(889)	(1 402)
Total cash and cash equivalents measured at amortised cost	**2 811 872**	**1 546 025**

As at 31 December 2024, the Group has account balances and deposits in one bank with a cash balance exceeding 10% of the Group's equity. The total amount of these funds amounted to 1 077 836 million UZS.

As at 31 December 2023, the Group has account balances and deposits with one bank with a cash balance exceeding 10% of the Group's equity. The total amount of these funds amounted to 448,522 million UZS.

The table below provides an analysis of the credit quality of cash and cash equivalents measured at amortised cost based on credit ratings as at 31 December 2024. A description of the Group's credit risk classification system is provided in Note 32. The carrying amount of cash and cash equivalents balances as at 31 December 2024 in the table below also represents the Group's maximum exposure to credit risk for these assets:

	Low credit risk	Medium credit risk	High credit risk	Total
Balances of funds on current accounts with the Central Bank of the Republic of Uzbekistan	496 126	-	-	**496 126**
Balances of funds on current accounts in other banks	1 439 612	2 928	-	**1 442 540**
Provision for credit losses	(885)	(4)	-	**(889)**
Total cash and cash equivalents measured at amortised cost, other than cash on hand	**1 934 853**	**2 924**	**-**	**1 937 777**

The table below provides an analysis of the credit quality of cash and cash equivalents measured at amortised cost based on credit ratings as at 31 December 2023:

	Low credit risk	Medium credit risk	High credit risk	Total
Balances of funds on current accounts with the Central Bank of the Republic of Uzbekistan	260 293	-	-	**260 293**
Balances of funds on current accounts in other banks	452 868	111 911	123	**564 902**
Provision for credit losses	(1 012)	(300)	(90)	**(1 402)**
Total cash and cash equivalents measured at amortised cost, other than cash on hand	**712 149**	**111 611**	**33**	**823 793**

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 the opening balances of the current account loss reserve with other banks carried at amortised cost by category. The approach to estimating expected credit losses is disclosed in Note 32.

	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Total
Balance as of 01 January 2023	**1 568**	**12**	**1 580**
Provision for credit losses	-	78	**78**
Restoration of provision for credit losses	(256)	-	**(256)**
Balance as of 31 December 2023	**1 312**	**90**	**1 402**
Provision for credit losses	-	-	**-**
Restoration of provision for credit losses	(423)	(90)	**(513)**
Balance as of 31 December 2024	**889**	**-**	**889**

8. Required reserves in accounts with the Central Bank of the Republic of Uzbekistan

As of 31 December 2024, there is no balance, and as of 31 December 2023, the balance of mandatory reserves in accounts with the Central Bank of the Republic of Uzbekistan amounted to 47 399 million UZS.

Reserve requirements in the Central Bank of the Republic of Uzbekistan provide interest-free deposits against losses from the impairment of assets and deposits of customers. According to the legislation of the Republic of Uzbekistan, the Bank is obliged to deposit required reserves with the Central Bank of the Republic of Uzbekistan on an ongoing basis, and cannot use these funds in its activities.

(in millions of UZS)

9. Due from credit institutions

	31 December 2024	31 December 2023
Due from credit institutions at amortised cost	87 770	65 100
Due from credit institutions at fair value through profit or loss	-	-
Total due from credit institutions	**87 770**	**65 100**

Funds from credit institutions measured at amortised cost

Term deposits with other banks for a period of more than 90 days	88 945	66 242
Provision for credit losses	(1 175)	(1 142)
Total cash and cash equivalents measured at amortised cost	**87 770**	**65 100**

The table below provides an analysis of due from credit institutions as at 31 December 2024, which also reflects the Group's maximum exposure to credit risk for these assets:

	Low credit risk	Medium credit risk	Total
Term deposits with other banks for a period of more than 90 days	71 811	17 134	**88 945**
Provision for credit losses	(312)	(863)	**(1 175)**
Total due from other banks, measured at amortized cost	**71 499**	**16 271**	**87 770**

The table below provides an analysis of due from credit institutions as at 31 December 2023, which also reflects the Group's maximum exposure to credit risk for these assets:

	Low credit risk	Medium credit risk	Total
Term deposits with other banks for a period of more than 90 days	57 618	8 624	**66 242**
Provision for credit losses	(855)	(287)	**(1 142)**
Total due from other banks, measured at amortized cost	**56 763**	**8 337**	**65 100**

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 the opening balances of the allowance for losses on funds from credit institutions carried at amortised cost, broken down by relevant categories. The approach to estimating expected credit losses is disclosed in Note 32.

	Stage 1 12-month expected credit losses	Total
Balance as of 01 January 2023	1 401	1 401
Provision for credit losses	-	-
Restoration of provision for credit losses	(259)	(259)
Balance as of 31 December 2023	1 142	1 142
Provision for credit losses	33	33
Restoration of provision for credit losses	-	-
Balance as of 31 December 2024	1 175	1 175

10. Investment Financial Assets

	31 December 2024	31 December 2023
Securities measured at fair value through profit or loss on a mandatory basis	201 287	-
Securities measured at fair value through other comprehensive income – equity instruments	10 390	10 375
Securities at fair value through other comprehensive income - equity instruments	107	444
Provision for possible losses on securities	(153)	(53)
Total investment financial assets	211 631	10 766

11. Loans and advances to customers

	31 December 2024	31 December 2023
Loans and advances to customers measured at amortised cost	17 236 151	13 756 319
Loans and advances to customers measured at fair value through profit or loss	999 192	914 209
Total loans and advances to customers	**18 235 343**	**14 670 528**

Loans and advances to customers measured at amortised cost

The table below shows the structure of the concentration of the loan portfolio by sector of the economy as of December 31, 2024.

	Gross Book Value	Provision for credit losses	Book value
Individuals	7 545 297	(469 729)	7 075 568
Industry	3 937 964	(276 795)	3 661 169
Agriculture and food industry	3 365 968	(208 777)	3 157 191
Trade	1 496 243	(128 051)	1 368 192
Construction	1 246 718	(42 582)	1 204 136
Services	593 025	(46 734)	546 291
Transport and communication	231 699	(8 095)	223 604
Total loans and advances to customers measured at amortised cost	**18 416 914**	**(1 180 763)**	**17 236 151**

The table below shows the structure of the concentration of the loan portfolio by sector of the economy as of December 31, 2023.

	Gross Book Value	Allowance for credit losses	Book value
Individuals	5 266 067	(382 796)	4 883 271
Industry	3 783 426	(387 933)	3 395 493
Agriculture and food industry	2 451 326	(177 766)	2 273 560
Trade	1 318 564	(70 456)	1 248 108
Construction	949 460	(21 609)	927 851
Services	839 857	(38 923)	800 934
Transport and communication	238 282	(11 180)	227 102
Total loans and advances to customers measured at amortised cost	**14 846 982**	**(1 090 663)**	**13 756 319**

As at December 31, 2024, the Group has customer loan balances with two borrowers (2023: two borrowers respectively) where the loan balances exceed 10% of the Group's equity. The amount of these loans is 787 930 million UZS (2023: 898 226 million UZS respectively).

The tables below provide an analysis of the credit quality of loans and advances to customers measured at amortised cost provided by the Group as at 31 December 2024. For a description of the terms 12-month expected credit losses, lifetime expected credit losses, see Note 32. The analysis of the credit quality of loans and advances to customers presented in the tables below is based on the borrower credit quality scale developed by the Group.

Loans and advances to customers measured at amortised cost SUMMARY for 2024	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Minimal credit risk	9 433 285	3 226 964	534 142	**13 194 391**
Low credit risk	857 895	1 147 597	530 271	**2 535 763**
Medium credit risk	493 935	313 096	381 099	**1 188 130**
High credit risk	79 046	73 048	1 162 514	**1 314 608**
Default loans	-	-	184 022	**184 022**
Total loans and advances to customers measured at amortised cost before provisions	**10 864 161**	**4 760 705**	**2 792 048**	**18 416 914**
Estimated provision for credit losses	(177 928)	(486 806)	(516 029)	**(1 180 763)**
Total loans and advances to customers measured at amortised cost less provision	**10 686 233**	**4 273 899**	**2 276 019**	**17 236 151**

Legal entities for 2024	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Minimal credit risk	4 466 154	2 255 919	470 383	**7 192 456**
Low credit risk	434 883	856 275	461 569	**1 752 727**
Medium credit risk	409 938	159 496	216 434	**785 868**
High credit risk	48 909	24 639	924 581	**998 129**
Default loans	-	-	142 437	**142 437**
Total loans and advances to customers measured at amortised cost before provisions	**5 359 884**	**3 296 329**	**2 215 404**	**10 871 617**
Estimated provision for credit losses	(81 368)	(316 900)	(312 767)	**(711 034)**
Total loans and advances to customers measured at amortised cost less provision	**5 278 516**	**2 979 429**	**1 902 637**	**10 160 583**

(in millions of UZS)

Individuals for 2024	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Minimal credit risk	4 967 131	971 045	63 759	**6 001 935**
Low credit risk	423 012	291 322	68 702	**783 036**
Medium credit risk	83 997	153 600	164 665	**402 262**
High credit risk	30 137	48 409	237 933	**316 479**
Default loans	-	-	41 585	**41 585**
Total loans and advances to customers measured at amortised cost before provisions	**5 504 277**	**1 464 376**	**576 644**	**7 545 297**
Estimated provision for credit losses	(96 561)	(169 906)	(203 262)	**(469 729)**
Total loans and advances to customers measured at amortised cost less provision	**5 407 716**	**1 294 470**	**373 382**	**7 075 568**

The tables below provide an analysis of the credit quality of loans and advances to customers measured at amortised cost provided by the Group as at 31 December 2023.

Loans and advances to customers measured at amortised cost SUMMARY for 2023	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Minimal credit risk	7 270 215	2 618 141	823 988	**10 712 344**
Low credit risk	670 104	925 473	396 321	**1 891 898**
Medium credit risk	477 674	261 160	478 329	**1 217 163**
High credit risk	78 929	82 995	597 528	**759 452**
Default loans	-	-	166 125	**166 125**
Total loans and advances to customers measured at amortised cost before provisions	**8 496 922**	**3 887 769**	**2 462 291**	**14 846 982**
Estimated provision for credit losses	(91 299)	(342 322)	(657 042)	**(1 090 663)**
Total loans and advances to customers measured at amortised cost less provision	**8 405 623**	**3 545 447**	**1 805 249**	**13 756 319**

(in millions of UZS)

Legal entities for 2023	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Minimal credit risk	3 879 631	2 036 586	771 323	**6 687 540**
Low credit risk	456 653	821 812	317 540	**1 596 005**
Medium credit risk	278 469	186 148	177 608	**642 225**
High credit risk	67 934	73 739	380 922	**522 595**
Default loans	-	-	132 550	**132 550**
Total loans and advances to customers measured at amortised cost before provisions	**4 682 687**	**3 118 285**	**1 779 943**	**9 580 915**
Estimated provision for credit losses	(40 120)	(268 323)	(399 423)	**(707 866)**
Total loans and advances to customers measured at amortised cost less provision	**4 642 567**	**2 849 962**	**1 380 520**	**8 873 049**

Individuals for 2023	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Minimal credit risk	3 390 584	581 555	52 665	**4 024 804**
Low credit risk	213 451	103 661	78 780	**395 892**
Medium credit risk	199 206	75 013	300 720	**574 939**
High credit risk	10 995	9 255	216 607	**236 857**
Default loans	-	-	33 575	**33 575**
Total loans and advances to customers measured at amortised cost before provisions	**3 814 236**	**769 484**	**682 347**	**5 266 067**
Estimated provision for credit losses	(51 180)	(73 998)	(257 619)	**(382 797)**
Total loans and advances to customers measured at amortised cost less provision	**3 763 056**	**695 486**	**424 728**	**4 883 270**

The tables below provide an analysis of the movement of the allowance for credit losses on loans and advances to customers accounted at amortised cost as at 31 December 2024.

Summary for 2024	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Reserve balance at the beginning of the period	**91 300**	**342 322**	**657 041**	**1 090 663**
Transfer to Stage 1	(26 547)	14 146	12 401	-
Transfer to Stage 2	135 397	(218 549)	83 152	-
Transfer to Stage 3	2 994	222 478	(225 472)	-
Net expense from the creation / (restoration) of the credit loss provision within one stage	(25 216)	126 409	(11 093)	**90 100**
- including for new loans issued	*119 340*	*202 141*	*47 238*	***368 719***
Reserve balance at the end of the period	**177 928**	**486 806**	**516 029**	**1 180 763**

Legal entities for 2024	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Reserve balance at the beginning of the period	**40 120**	**268 323**	**399 423**	**707 866**
Transfer to Stage 1	(12 829)	6 126	6 703	-
Transfer to Stage 2	110 505	(180 315)	69 810	-
Transfer to Stage 3	477	218 737	(219 214)	-
Net expense from the creation / (restoration) of the credit loss provision within one stage	(56 905)	4 029	56 044	**3 168**
- including for new loans issued	*39 661*	*90 681*	*9 358*	***139 700***
Reserve balance at the end of the period	**81 368**	**316 900**	**312 766**	**711 034**

(in millions of UZS)

Individuals for 2024	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Reserve balance at the beginning of the period	**51 180**	**73 999**	**257 618**	**382 797**
Transfer to Stage 1	(13 718)	8 020	5 698	-
Transfer to Stage 2	24 892	(38 234)	13 342	-
Transfer to Stage 3	2 517	3 741	(6 258)	-
Net expense from the creation / (restoration) of the credit loss provision within one stage	31 690	122 380	(67 138)	**86 932**
- including for new loans issued	*79 679*	*111 460*	*37 880*	***229 019***
Reserve balance at the end of the period	**96 561**	**169 906**	**203 262**	**469 729**

The tables below provide an analysis of the movement of the allowance for credit losses on loans and advances to customers measured at amortised cost as at 31 December 2023.

Summary for 2023	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Reserve balance at the beginning of the period	**121 068**	**325 567**	**410 047**	**856 682**
Transfer to Stage 1	207 898	(97 077)	(110 821)	-
Transfer to Stage 2	(22 448)	25 889	(3 441)	-
Transfer to Stage 3	(10 131)	(53 441)	63 572	-
Net expense from the creation / (restoration) of the credit loss provision within one stage	(205 087)	141 384	297 684	**233 981**
- including for new loans issued	*51 930*	*56 280*	*9 054*	***117 264***
Reserve balance at the end of the period	**91 300**	**342 322**	**657 041**	**1 090 663**

(in millions of UZS)

Legal entities for 2023	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Reserve balance at the beginning of the period	**68 081**	**257 449**	**260 226**	**585 756**
Transfer to Stage 1	177 124	(70 707)	(106 417)	-
Transfer to Stage 2	(26 531)	32 139	(5 608)	-
Transfer to Stage 3	(8 480)	(39 485)	47 965	
Net expense from the creation / (restoration) of the credit loss provision within one stage	(170 074)	88 927	203 257	**122 110**
- including for new loans issued	*13 771*	*29 377*	*1 810*	***44 958***
Reserve balance at the end of the period	**40 120**	**268 323**	**399 423**	**707 866**

Individuals for 2023	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Reserve balance at the beginning of the period	**52 986**	**68 118**	**149 822**	**270 926**
Transfer to Stage 1	30 774	(26 370)	(4 404)	-
Transfer to Stage 2	4 083	(6 250)	2 167	-
Transfer to Stage 3	(1 651)	(13 956)	15 607	-
Net expense from the creation / (restoration) of the credit loss provision within one stage	(35 012)	52 457	94 426	**111 871**
- including for new loans issued	*38 159*	*26 903*	*7 244*	***72 306***
Reserve balance at the end of the period	**51 180**	**73 999**	**257 618**	**382 797**

The table below provides information on the credit quality of loans and advances to customers as of December 31, 2024:

Loans and advances to customers	Loans to legal entities	Loans to individuals	Total
Neither past due nor impaired	6 305 925	6 234 365	**12 540 290**
Overdue			
- with a delay in payment of less than 30 days	2 351 709	385 372	**2 737 081**
- with a delay in payment from 31 to 90 days	859 634	510 424	**1 370 058**
- with a delay in payment from 91 to 180 days	235 422	120 333	**355 755**
- with a delay in payment of more than 181 days	1 118 927	294 803	**1 413 730**
Total loans and advances to customers measured at amortised cost before provisions	**10 871 617**	**7 545 297**	**18 416 914**
Provision for credit losses	(711 034)	(469 729)	**(1 180 763)**
Total loans and advances to customers measured at amortised cost less provision	**10 160 583**	**7 075 568**	**17 236 151**

The table below provides information on the credit quality of loans and advances to customers as of December 31, 2023:

Loans and advances to customers	Loans to legal entities	Loans to individuals	Total
Neither past due nor impaired	6 987 399	3 909 537	**10 896 936**
Overdue			
- with a delay in payment of less than 30 days	1 075 010	291 745	**1 366 755**
- with a delay in payment from 31 to 90 days	820 761	378 598	**1 199 359**
- with a delay in payment from 91 to 180 days	280 163	85 003	**365 166**
- with a delay in payment of more than 181 days	417 582	601 184	**1 018 766**
Total loans and advances to customers measured at amortised cost before provisions	**9 580 915**	**5 266 067**	**14 846 982**
Provision for credit losses	(707 866)	(382 797)	**(1 090 663)**
Total loans and advances to customers measured at amortised cost less provision	**8 873 049**	**4 883 270**	**13 756 319**

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

The table below shows the structure of the concentration of the loan portfolio by sectors of the economy:

	31 December 2024	31 December 2023
Individuals	422 441	490 180
Industry	190 137	155 118
Services	153 134	127 832
Trade	100 279	92 954
Agriculture and food industry	83 882	22 229
Construction	28 390	16 072
Transport and communications	20 929	9 824
Total loans and advances to customers measured at fair value through profit or loss	**999 192**	**914 209**

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

	Commercial loans of legal entities	Consumer and other loans to individuals	Total
Minimal credit risk	425 852	265 419	**691 271**
Low credit risk	43 460	57 174	**100 634**
Medium credit risk	40 634	47 161	**87 795**
High credit risk	65 780	49 459	**115 239**
Default loans	1 025	3 228	**4 253**
Total loans and advances to customers measured at fair value through profit or loss	**576 751**	**422 441**	**999 192**

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

(in millions of UZS)

	Commercial loans of legal entities	Consumer and other loans to individuals	Total
Minimal credit risk	224 292	298 236	**522 528**
Low credit risk	79 385	61 478	**140 863**
Medium credit risk	111 055	112 616	**223 671**
High credit risk	7 251	16 254	**23 505**
Default loans	2 046	1 596	**3 642**
Total loans and advances to customers measured at fair value through profit or loss	**424 029**	**490 180**	**914 209**

The table below provides information on the credit quality of loans and advances to customers as of December 31, 2024:

Loans and advances to customers	Loans to legal entities	Loans to individuals	Total
Neither past due nor impaired	363 276	243 824	**607 100**
Overdue			
- with a delay in payment of less than 30 days	60 949	34 513	**95 462**
- with a delay in payment from 31 to 90 days	54 228	66 413	**120 641**
- with a delay in payment from 91 to 180 days	9 116	20 407	**29 523**
- with a delay in payment of more than 181 days	89 182	57 284	**146 466**
Total loans and advances to customers measured at amortised cost before provisions	**576 751**	**422 441**	**999 192**

The table below provides information on the credit quality of loans and advances to customers as of December 31, 2023:

Loans and advances to customers	Loans to legal entities	Loans to individuals	Total
Neither past due nor impaired	255 861	262 464	**518 325**
Overdue			
- with a delay in payment of less than 30 days	49 268	51 522	**100 790**
- with a delay in payment from 31 to 90 days	75 517	79 013	**154 530**
- with a delay in payment from 91 to 180 days	4 715	29 693	**34 408**
- with a delay in payment of more than 181 days	38 667	67 489	**106 156**
Total loans and advances to customers measured at amortised cost before provisions	**424 028**	**490 181**	**914 209**

12. Investment Property

According to the Decree of the President of the Republic of Uzbekistan "On the plan - event for the development of a network for the production of light industry goods, logistics and trade in the Uchkuprik district of the Fergana region" for No 5127 dated May 27, 2021, together with the Ministry of the Republic of Uzbekistan for Economic Development and Poverty Reduction, the Group will finance the construction of the Complex for the production of light industry goods, logistics and trade in 15 hectares. Project cost of construction is 220 820.6 million UZS, of which the balance as of December 31, 2024 is 134 455 million UZS, (December 31, 2023: 189,744.3 million UZS, respectively).

13. Fixed assets and intangible assets

The following is information on the value of fixed assets and intangible assets as of December 31, 2024.

	Buildings and structures	Office and computer equipment	Right-of-use assets	Construction in progress	Total fixed assets	Intangible assets	Total
Cost or Valuation							
as of 01 January 2024	**880 580**	**354 595**	**95 978**	**118 733**	**1 449 886**	**20 515**	**1 470 401**
Receipt	158 075	86 983	49 991	152 422	**447 471**	15 573	**463 044**
Disposal and write-off	(8 995)	(54 422)	(91 115)	(184 712)	**(339 244)**	-	**(339 244)**
Revaluation	170 705	-	-	-	**170 705**	-	**170 705**
Transfer or relocation	2 470	(2 708)	251	-	**13**	(13)	**-**
as of 31 December 2024	**1 202 835**	**384 448**	**55 105**	**86 443**	**1 728 831**	**36 075**	**1 764 906**
Accumulated depreciation							
as of 01 January 2024	**-**	**(143 604)**	**(13 052)**	**-**	**(156 656)**	**(7 361)**	**(164 017)**
Depreciation charges	(35 263)	(53 134)	(7 087)	-	**(95 484)**	(9 517)	(105 001)
Disposal and write-off	2 843	11 306	12 974	-	**27 123**	-	27 123
Revaluation	33 409	-	-	-	**33 409**	-	33 409
Transfer or relocation	(989)	1 139	(150)	-	**-**	-	-
as of 31 December 2024	**-**	**(184 293)**	**(7 315)**	**-**	**(191 608)**	**(16 878)**	**(208 486)**
Book value							
as of 01 January 2024	**880 580**	**210 991**	**82 926**	**118 733**	**1 293 230**	**13 154**	**1 306 384**
as of 31 December 2024	**1 202 835**	**200 155**	**47 790**	**86 443**	**1 537 223**	**19 197**	**1 556 420**

(in millions of UZS)

The following is information on the value of fixed assets and intangible assets as of December 31, 2023.

	Buildings and structures	Office and computer equipment	Right-of-use assets	Construction in progress	Total Fixed Assets	Intangible assets	Total
Cost or Valuation							
as of 01 January 2023	**399 347**	**289 949**	**84 943**	**72 252**	**846 491**	**5 501**	**851 992**
Receipt	350 718	94 486	11 303	132 985	**589 492**	17 788	**607 280**
Disposal and write-off	(9 005)	(29 840)	(268)	-	**(39 113)**	(2 774)	**(41 887)**
Revaluation	53 016	-	-	-	**53 016**	-	**53 016**
Transfer or relocation	86 504	-	-	(86 504)	**-**	-	**-**
as of 31 December 2023	**880 580**	**354 595**	**95 978**	**118 733**	**1 449 886**	**20 515**	**1 470 401**
Accumulated depreciation							
as of 01 January 2023	**(124 367)**	**(116 531)**	**(8 340)**	**-**	**(249 238)**	**(2 674)**	**(251 912)**
Depreciation charges	(12 585)	(52 152)	(4 749)	-	**(69 486)**	(7 461)	(76 947)
Disposal and write-off	2 721	25 079	37	-	**27 837**	2 774	30 611
Revaluation	134 231	-	-	-	**134 231**	-	134 231
Transfer or relocation	-	-	-	-	**-**	-	-
as of 31 December 2023	**-**	**(143 604)**	**(13 052)**	**-**	**(156 656)**	**(7 361)**	**(164 017)**
Book value							
as of 01 January 2023	**274 980**	**173 418**	**76 603**	**72 252**	**597 253**	**2 827**	**600 080**
as of 31 December 2023	**880 580**	**210 991**	**82 926**	**118 733**	**1 293 230**	**13 154**	**1 306 384**

14. Non-current assets held for sale

	31 December 2024	31 December 2023
Mortgaged property recovered under loans and leasing	493 820	197 377
Provision for impairment	(20 203)	(15 557)
Total non-current assets held for sale	**473 617**	**181 820**

15. Other assets

	31 December 2024	31 December 2023
Other financial assets		
Commission income receivable	29 573	17 278
Receivables from remittances	21 394	11 156
Bank card settlements in progress	-	15 195
Estimated provision for credit losses	(7 856)	(4 708)
Total other financial assets	**43 111**	**38 921**
Other non-financial assets		
Prepayments for services	45 840	31 874
Goods and materials and other valuables in stock	7 281	14 092
Prepayment for construction work	-	12 912
Prepayment for equipment and goods	15 889	4 076
Other non-financial assets	33 878	11 084
Estimated provision for credit losses	(32 138)	(10 051)
Total other financial assets	**70 750**	**63 987**
Total other assets	**113 861**	**102 908**

The table below provides a reconciliation of the opening balances of the credit loss provision for other financial assets, broken down by category. The approach to estimating expected credit losses is disclosed in Note 32.

	Stage 1 12-month expected credit losses	Stage 2 Lifetime Expected Credit Losses – Unimpaired Assets	Stage 3 Lifetime Expected Credit Losses – Impaired Assets	Total
Amount of provision for expected credit loss as at 01 January 2023	**759**	**296**	**1 705**	**2 760**
Net creation / (restoration) of provision for expected credit loss	1 818	(175)	305	**1 948**
Amount of provision for expected credit loss as at 31 December 2023	**2 577**	**121**	**2 010**	**4 708**
Net creation / (restoration) of provision for expected credit loss	198	50	2 900	**3 148**
Amount of provision for expected credit loss as at 31 December 2024	**2 775**	**171**	**4 910**	**7 856**

16. Funds of other banks

	31 December 2024	31 December 2023
Funds of other banks at amortised cost	1 580 764	1 381 783
Funds of other banks measured at fair value through profit or loss	-	-
Total funds of other banks	**1 580 764**	**1 381 783**

Funds of other banks at amortised cost

Term deposits of banks	1 569 451	1 381 783
Payable to other banks	11 313	-
Total funds of other banks measured at amortised cost	**1 580 764**	**1 381 783**

As at 31 December 2024, the Group has funds from other banks with one bank (2023, respectively: one bank) that exceed 10 percent of the Group's capital. The balance of this bank is 486 427 million UZS (2023, respectively: 600 821 million UZS).

17. Customer Funds

State and public organizations:		
- Demand deposits	450 784	227 834
- Term deposits	3 398 237	3 627 894
Other legal entities:		
- Demand deposits	599 107	357 619
- Term deposits	553 983	325 033
Individuals:		
- Demand deposits	391 413	347 642
- Term deposits	2 209 764	1 394 273
Total customer funds	**7 603 288**	**6 280 295**

In accordance with the legislation of the Republic of Uzbekistan, the Bank is obliged to issue the amount of the deposit of an individual at the first request of the depositor. In cases when a 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 the agreement provides for a different amount of interest.

18. Debt securities issued

	31 December 2024	31 December 2023
Certificates of Deposit	-	70 400
Total debt securities issued	**-**	**70 400**

Certificates of deposit are issued at an interest rate of 1% + refinancing rate of the Central Bank of the Republic of Uzbekistan.

19. Other borrowings

Other borrowings measured at amortised cost	7 684 880	5 982 560
Other borrowings at fair value through profit or loss	1 681 668	542 725
Total funds of other banks	**9 366 548**	**6 525 285**

Other borrowings measured at amortised cost

Borrowing from other creditors	5 159 011	2 499 869
Borrowings from other banks	1 400 905	719 419
Borrowings from the Ministry of Economy and Finance of the Republic of Uzbekistan	742 894	2 370 173
Borrowings from non-budgetary funds	216 520	197 726
Borrowings from the Central Bank of the Republic of Uzbekistan	96 685	193 065
Borrowings from non-bank financial institutions	68 865	2 308
Total other borrowings measured at amortised cost	**7 684 880**	**5 982 560**

Other borrowings at fair value through profit or loss

Borrowings from the Ministry of Economy and Finance of the Republic of Uzbekistan	987 854	281 639
Borrowing from other creditors	264 175	67 959
Borrowings from non-budgetary funds	217 069	31 375
Borrowings from non-bank financial institutions	139 430	33 928
Borrowings from other banks	39 807	94 491
Borrowings from the Central Bank of the Republic of Uzbekistan	33 333	33 333
Total other borrowings measured at amortised cost	**1 681 668**	**542 725**

(in millions of UZS)

20. Subordinated debt

	31 December 2024	31 December 2023
Ministry of Economy and Finance of the Republic of Uzbekistan	689 296	50 000
Total subordinated debts	**689 296**	**50 000**

21. Other liabilities

Other financial liabilities		
Deposits on share subscription	351 228	-
Finance lease liabilities	46 806	84 300
Accounts payable	15 840	219 285
Accrued staff compensation costs	1 159	13
Dividends payable	298	30
Other financial liabilities	11 025	648
Total other financial liabilities	**426 356**	**304 276**
Other non-financial liabilities		
Provision for credit losses on credit related commitments and other liabilities	52 436	22 318
Taxes payable, except for income tax	29 098	26 626
Deferred fee and commission income	1 926	4 883
Other non-financial liabilities	317	137
Total other financial liabilities	**83 777**	**53 964**
Total other liabilities	**510 133**	**358 240**

The table below shows the movement of the provision for credit losses on credit liabilities and other contingent liabilities.

	Guarantees issued	Loan commitment and undrawn credit lines	Total
Amount of provision for expected credit loss as at 01 January 2023	**2 602**	**9 520**	**12 122**
Net creation / (restoration) of provision for expected credit loss	7 074	3 122	**10 196**
Amount of provision for expected credit loss as at 31 December 2023	**9 676**	**12 642**	**22 318**
Net creation / (restoration) of provision for expected credit loss	(4 301)	34 419	**30 118**
Amount of provision for expected credit loss as at 31 December 2024	**5 375**	**47 061**	**52 436**

22. Share capital

	Number of shares, pieces	Ordinary shares, ppm million	Impact of hyperinflation	Total
Balance as of 01 January 2023	**3 321 473 165**	**3 547 189**	**281**	**3 847 470**
Share buyback through the sale of property	(1 316 750)	(1 406)	-	**(1 406)**
Issue of new shares	234 082 397	250 000	-	**250 000**
Balance as of 31 December 2023	**3 554 238 812**	**3 795 783**	**281**	**3 796 064**
Issue of new shares	1 237 412 921	1 321 557	-	**1 321 557**
Balance as of 31 December 2024	**4 791 651 733**	**5 117 340**	**281**	**5 117 621**

The issued share capital of the Group as of December 31, 2024 is 5 117 340 million UZS (in 2023, respectively 3 796 064 million UZS). The nominal value of one share of the Group is 1 068 UZS.

Preferred shares are not redeemable and have priority over ordinary shares in the event of liquidation of the Bank. Preference shares give holders the right to participate in the General Meeting of Shareholders, but do not grant the right to vote, except in cases when decisions are made regarding the reorganization and liquidation of the Bank, and in cases when amendments to the Bank's Charter are proposed to restrict the rights of holders of preferred shares.

Only the accumulated retained earnings of the Bank can be distributed as dividends in accordance with the financial statements prepared in accordance with the accounting rules of the Republic of Uzbekistan. In accordance with the legislation of the Republic of Uzbekistan, retained earnings are the profit of the current year and previous years, remaining at the disposal of the Bank after the payment of dividends, taxes and deductions to various funds.

(in millions of UZS)

23. Interest income and expenses

	31 December 2024	31 December 2023
Interest income calculated at the effective interest rate		
- for loans and advances to customers	2 669 309	2 084 319
- on funds in other banks	38 343	57 701
- cash and cash equivalents	32 722	32 964
- on investment financial assets	14 101	43 219
Total interest income calculated at the effective interest rate	**2 754 475**	**2 218 203**
Other interest income		
- for loans and advances to customers	88 827	168 251
- on funds in other banks	36	2
- on other assets	142 217	100
Total Other Interest Income	**231 080**	**168 353**
Interest expense calculated at the effective interest rate		
- at the expense of clients	(1 098 463)	(777 342)
- for other borrowed funds	(674 659)	(472 971)
- at the expense of other banks	(220 302)	(230 530)
- on debt securities issued	(8 054)	(5 956)
Total interest expense calculated at the effective interest rate	**(2 001 478)**	**(1 486 799)**
Other interest expense		
- for other borrowed funds	(192 246)	(352 612)
- for lease obligations	(7 560)	(11 853)
- for other liabilities	(361)	(4)
Total other interest expense	**(200 167)**	**(364 469)**
Net interest income	**783 910**	**535 288**

24. Fee and commission income and expenses

	31 December 2024	31 December 2023
Fee and commission income		
- for transactions with bank cards	150 389	82 299
- on settlement transactions	81 906	77 653
- on settlement transactions in foreign currency	24 728	16 116
- account management (Interactive Services)	2 468	2 709
- on cash transactions	817	2 390
- for currency conversions and exchange	609	621
- on other transactions	963	-
Total fee and commission income	**261 880**	**181 788**
Commission costs		
- for transactions with bank cards	(42 862)	(33 266)
- on settlement transactions	(31 015)	(16 180)
- on documentary operations and other credit liabilities	(21 727)	(14 673)
- for cash collection services	(15 216)	(8 150)
- on settlement transactions in foreign currency	(10 361)	(6 960)
- for services on securities transactions	(2 527)	(783)
-other	(2 211)	-
Total commission expenses	**(125 919)**	**(80 012)**
Net fee and commission income	**135 961**	**101 776**

25. Other operating income

Income from the sale of collateral	23 424	38 668
Income from the lease of fixed assets	1 508	2 871
Dividend income	921	337
Other	13 058	30 842
Total other operating income	**38 911**	**72 718**

26. Personnel and other operating expenses

	31 December 2024	31 December 2023
Salaries and bonuses for employees	(467 656)	(459 384)
Unified social payment	(60 083)	(57 225)
Other employee benefits	(35 860)	(36 158)
Staff costs	**(563 599)**	**(552 767)**
Depreciation of fixed assets and intangible assets	(95 662)	(76 947)
Payment for security services	(78 534)	(65 998)
Insurance costs	(81 458)	(37 964)
Software maintenance	(19 478)	(16 132)
Membership fees	(29 782)	(15 731)
Payment for professional services	(4 067)	(15 115)
Stationery expenses	(6 759)	(13 556)
Taxes (other than income tax) and licenses	(25 070)	(10 811)
Repair and maintenance costs	(12 931)	(10 371)
Travel and travel expenses	(8 531)	(8 869)
Charity and sponsorship expenses	(28 549)	(8 524)
Communication costs	(10 080)	(8 363)
Utility costs	(10 410)	(4 122)
Loss from the sale of fixed assets	(10 796)	(3 953)
Vehicle maintenance costs	(4 600)	(3 800)
Advertising costs	(5 306)	(3 187)
Hospitality	(2 216)	(2 119)
Rental costs	(8 374)	(2 112)
Other expenses	(16 955)	(3 405)
Total other operating expenses	**(459 558)**	**(311 079)**
Total personnel costs and other operating expenses	**(1 023 157)**	**(863 846)**

27. Income tax

The amount of income tax as at 31 December 2024 amounted to (46 181) million UZS (at the end of 2023, respectively (62 698) million UZS). The current income tax rate applicable to the Bank's profit for 2024 is 20% (20% at the end of 2023, respectively).

Income tax expenses include the following components:

	31 December 2024	31 December 2023
Current income tax expenses	-	21 112
Deferred tax assets	(46 181)	(83 810)
Income tax expenses for the year	**(46 181)**	**(62 698)**

The Bank makes tax calculations for the current period on the basis of tax accounting carried out in accordance with the requirements of the tax legislation of the Republic of Uzbekistan, which may differ from IFRS. Due to the fact that some types of expenses are not taken into account for tax purposes, the Bank has certain temporary differences between the current value of assets and liabilities for financial reporting and tax purposes.

Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount determined for tax purposes.

Temporary differences as at 31 December 2024 are mainly related to different methods of accounting for income and expenses, as well as the book value of certain assets.

The following is information on the tax effect of temporary differences for 2024:

	31 December 2024	(Attributed) / Reversed to profit or loss accounts	31 December 2023
Tax effects of temporary differences that reduce / (increase) the tax base			
Cash and cash equivalents	201	(80)	281
Due from credit organizations	463	235	228
Loans and advances to customers	229 947	64 160	165 787
Investment financial assets	(12)	45	(57)
Fixed assets and intangible assets	(53 323)	1 623	(54 946)
Other borrowings	(64 298)	(36 829)	(27 469)
Other assets	11 163	5 908	5 255
Other liabilities	16 630	11 119	5 511
Net deferred tax assets / (liabilities)	**140 771**	**46 181**	**94 590**
Recognised deferred tax assets	258 404	83 090	177 062
Recognised deferred tax liability	(117 633)	(36 909)	(82 472)
Net deferred tax assets / (liabilities)	**140 771**	**46 181**	**94 590**

28. Contingent financial liabilities

28.1. Insurance

The Group did not fully insure property, plant and equipment, cease of operations or third-party liability for property or environmental damage arising from equipment failure or in connection with the Group's core business. Until the Group is able to obtain adequate insurance coverage, there is a risk that the loss or damage of assets could have a material adverse effect on the Group's operations and financial condition.

28.2. Legal Issues

In the ordinary course of business, the Group is the subject of lawsuits and claims. In management's opinion, the likely liabilities, if any, arising from such claims or claims will not have a material adverse effect on the Group's future financial position or performance.

28.3. Tax legislation

Tax and customs legislation, as well as legislation in the field of currency regulation of the Republic of Uzbekistan allow for the possibility of different interpretations and are subject to frequent changes. Moreover, regulations issued by different government agencies may contradict each other Management's interpretation of the legislation as it applies to the Group's operations and activities may be challenged by the relevant authorities. Uzbek tax authorities may take a tougher stance when interpreting legislation and assessing charges, and there is a possibility that transactions and activities that have not been challenged in the past will be challenged. As a result, significant amounts of additional taxes, fines and penalties may be charged. Tax periods remain open for inspection by the relevant tax authorities for the payment of taxes for a period of five calendar years. preceding the year for which the audit is carried out. In some cases, inspections may cover longer periods.

The Group's management believes that its interpretation of the relevant legislation is correct and that the Group's tax, foreign exchange and customs positions will be confirmed. Accordingly, as of December 31, 2024 and December 31, 2023, the management did not form a provision for potential tax liabilities. In the Group's assessment, there are no potential tax liabilities, except for unlikely ones.

28.4. Credit liabilities

The main purpose of these instruments is to ensure that funds are provided to clients as needed. Guarantees and letters of guarantee, which represent the Group's irrevocable undertakings to make payments in the event of a customer's default to third parties, carry the same level of credit risk as loans. Documentary and Commodity Credits, which are written undertakings by the Group to make payments on behalf of customers up to a specified amount subject to certain conditions, are secured by appropriate deliveries of goods or cash deposits and are therefore less risky than direct lending.

In addition to credit obligations, the Group issues guarantees for the proper performance of obligations. Guarantees of proper performance of obligations are insurance contracts that provide compensation in the event of the inability of the other party to fulfill a contractual obligation. Such contracts, in addition to credit risk, transfer non-financial risk of default.

The risk under contracts to ensure the proper performance of obligations consists in the probability of the occurrence of an insured event (that is, non-fulfillment of contractual obligations by the other party). The Group's main risks are significant changes in the frequency and amount of payments arising under such contracts compared to the forecast. The Group uses historical data and statistical methods to forecast the volume of such payments. Claims must be submitted before the expiry of the contract, and most claims are subject to settlement in the short term. This enables the Group to provide a high degree of certainty regarding planned payments and, as a result, future cash flows. The Group manages such risks by constantly monitoring the level of payments for such products and is able to adjust commissions in the future based on the experience of changing insurance claims payments. The Panel has a claim processing process that includes the right to review claims and reject fraudulent or non-compliant claims.

The table below presents credit obligations and guarantees of proper performance of obligations:

	31 December 2024	31 December 2023
Unused credit lines	1 107 222	307 596
Guarantees issued	609 647	521 012
Letter of credits	326 812	6 247
Total credit liabilities before provision for credit losses	**2 043 681**	**834 855**
Expected provision for credit losses	(52 436)	(22 318)
Total credit liabilities	**1 991 245**	**812 537**

The movement of the provision for credit losses on credit liabilities and other contingent liabilities is presented in Note 21.

29. Related party transactions

For the purposes of preparing these consolidated financial statements, parties are considered related if they are under common control, or one of them has the ability to control the other or can have a material influence over 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 content of such relationships is taken into account, and not only their legal form. In the opinion of the Management, the Bank's ultimate beneficiaries, direct shareholders, and the Bank's key management team can be considered related parties.

In the ordinary course of business, the Group conducts transactions with its major shareholders, managers and other parties. These operations include settlements, loans, deposits, guarantees, trade finance and foreign exchange transactions. It is the Group's policy that all transactions with related parties are subject to the same terms and conditions as transactions with independent parties.

The following table shows the balances of transactions with related parties:

	31 December 2024		31 December 2023	
	Shareholders	Other related parties	Shareholders	Other related parties
Assets				
Cash and cash equivalents	-	771 823	-	452 867
Due from credit organizations	-	7 499	-	46 001
Loans and advances to customers	-	96 023	-	3 517
Investment financial assets	45 841	10 328	-	10 322
Liabilities				
Due to other banks	-	284 316	-	954 450
Customer Funds	1 484 713	-	1 818 966	114
Other borrowings	1 730 748	-	2 599 785	-
Subordinated debt	689 296	-	50 000	-

The table below shows the items of income and expenses from transactions with related parties:

	31 December 2024		31 December 2023	
	Shareholders	Other related parties	Shareholders	Other related parties
Interest income calculated at the effective interest rate	6 880	16 781	-	380
Interest expense calculated at the effective interest rate	(342 272)	(38 651)	(301 263)	(139 906)
Other interest expense	-	-	(59 821)	(14 466)
Staff and other operating expenses	(9 751)	(540 907)	-	(24 827)

30. Fair value

Fair value is defined as the price at which an instrument can be exchanged in an ongoing transaction between interested parties wishing to enter into a transaction on market terms, excluding a forced sale or liquidation. The best confirmation of fair value is the quotation of a financial instrument in an active market. As there is no liquid market for most of the Group's financial instruments, their fair value must be determined on the basis of prevailing market conditions and the specific risks associated with the particular instrument. The following estimates may not correspond to the amounts that the Group is able to obtain on the market sale of the entire available package of a particular instrument.

The Group 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 materially affect fair value are directly or indirectly observable in the open market; and

⇒ **Level 3:** Methodologies that use inputs that have a significant effect on fair value that are not based on data observed in the open market.

The table below provides an analysis of assets carried at fair value by levels of the measurement hierarchy as at 31 December 2024:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value or revalued				
Commercial loans of legal entities	-	-	576 751	**576 751**
Consumer and other loans to individuals	-	-	422 441	**422 441**
Securities measured at fair value through profit or loss on a mandatory basis	-	201 196	-	**201 196**
Securities measured at fair value through other comprehensive income – debt instruments	-	10 328	-	**10 328**
Securities classified as measured at fair value through other comprehensive income – debt instruments	-	-	107	**107**

The table below provides an analysis of assets carried at fair value by levels of the measurement hierarchy as at 31 December 2023:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value or revalued				
Commercial loans of legal entities	-	-	424 029	**424 029**
Consumer and other loans to individuals	-	-	490 180	**490 180**
Securities measured at fair value through other comprehensive income – debt instruments	-	10 322	-	**10 322**
Securities classified as measured at fair value through other comprehensive income – debt instruments	-	-	444	**444**

The table below provides an analysis of assets carried at amortised cost reported at fair value by levels of the valuation hierarchy as at 31 December 2024:

	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost				
Cash on hand	874 095	-	-	**874 095**
Balances of funds on current accounts with the Central Bank of the Republic of Uzbekistan	-	495 807	-	**495 807**
Balances of funds on current accounts in other banks	-	1 441 970	-	**1 441 970**
Term deposits with other banks for a period of more than 90 days	-	87 770	-	**87 770**
Commercial loans of legal entities	-	-	10 160 583	**10 160 583**
Consumer and other loans to individuals	-	-	7 075 568	**7 075 568**
Other financial assets	-	-	43 111	**43 111**

The table below provides an analysis of assets carried at amortised cost reported at fair value by levels of the valuation hierarchy as at 31 December 2023:

	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost				
Cash on hand	722 232	-	-	**722 232**
Balances of funds on current accounts with the Central Bank of the Republic of Uzbekistan	-	260 004	-	**260 004**
Balances of funds on current accounts in other banks	-	563 789	-	**563 789**
Required reserves in accounts with the Central Bank of the Republic of Uzbekistan	-	47 399	-	**47 399**
Term deposits with credit organizations, placed for more than 90 days	-	65 100	-	**65 100**
Commercial loans of legal entities	-	-	8 873 048	**8 873 048**
Consumer and other loans to individuals	-	-	4 883 271	**4 883 271**
Other financial assets	-	-	38 921	**38 921**

The table below provides an estimate of the fair value of the Group's financial liability classes by level in the fair value source hierarchy as at 31 December 2024:

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value or revalued				
Borrowings from the Ministry of Economy and Finance of the Republic of Uzbekistan	-	-	987 854	**987 854**
Borrowings from other banks	-	-	39 807	**39 807**
Borrowing from other creditors	-	-	264 175	**264 175**
Borrowings from non-bank financial institutions	-	-	139 430	**139 430**
Borrowings from the Central Bank of the Republic of Uzbekistan	-	-	33 333	**33 333**
Borrowings from non-budgetary funds	-	-	217 069	**217 069**

The table below provides an estimate of the fair value of the Group's financial liability classes by level in the fair value source hierarchy as at 31 December 2023:

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value or revalued				
Borrowings from the Ministry of Economy and Finance of the Republic of Uzbekistan	-	-	281 639	**281 639**
Borrowings from other banks	-	-	94 491	**94 491**
Borrowing from other creditors	-	-	67 959	**67 959**
Borrowings from non-bank financial institutions	-	-	33 928	**33 928**
Borrowings from the Central Bank of the Republic of Uzbekistan	-	-	33 333	**33 333**
Borrowings from non-budgetary funds	-	-	31 375	**31 375**

The following table provides an analysis of liabilities carried at amortised cost accounted for at fair value by levels of the measurement hierarchy as at 31 December 2024:

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost				
Term deposits of banks	1 580 764	-	-	**1 580 764**
Demand deposits	-	1 441 304	-	**1 441 304**
Term deposits	-	-	6 161 984	**6 161 984**
Borrowing from other creditors	-	-	5 159 011	**5 159 011**
Borrowings from the Ministry of Economy and Finance of the Republic of Uzbekistan	-	-	742 894	**742 894**
Borrowings from other banks	-	-	1 400 905	**1 400 905**
Borrowings from non-budgetary funds	-	-	216 520	**216 520**
Borrowings from the Central Bank of the Republic of Uzbekistan	-	-	96 685	**96 685**
Borrowings from non-bank financial institutions	-	-	68 865	**68 865**
Subordinated debt	-	-	689 296	**689 296**
Other financial liabilities	-	-	426 356	**426 356**

The table below provides an analysis of liabilities carried at amortised cost accounted for at fair value by levels of the measurement hierarchy as at 31 December 2023:

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost				
Term deposits of banks	1 381 783	-	-	**1 381 783**
Demand deposits	-	933 094	-	**933 094**
Term deposits	-	-	5 347 200	**5 347 200**
Certificates of Deposit	-	-	70 400	**70 400**
Borrowing from other creditors	-	-	2 499 869	**2 499 869**
Borrowings from the Ministry of Economy and Finance of the Republic of Uzbekistan	-	-	2 370 173	**2 370 173**
Borrowings from other banks	-	-	719 419	**719 419**
Borrowings from non-budgetary funds	-	-	197 726	**197 726**
Borrowings from the Central Bank of the Republic of Uzbekistan	-	-	193 065	**193 065**
Borrowings from non-bank financial institutions	-	-	2 308	**2 308**
Subordinated debt	-	-	50 000	**50 000**
Other financial liabilities	-	-	304 276	**304 276**

Fair value measurements at Level 2 and Level 3 of the fair value hierarchy were performed using a discounted cash flow model. The fair value of floating rate derivatives that are not quoted in an active market has been assumed to be equal to the carrying amount. The fair value of fixed-rate instruments that are not quoted in an active market has been estimated on the basis of estimated future cash flows discounted using current borrowing market interest rates for new instruments with similar credit risk and maturities.

For assets, the Group used assumptions about the incremental rate on borrowed capital and the rates of early repayment of the counterparty. Liabilities are discounted at the rate of additional borrowings of the Group. The liabilities payable on demand were discounted, starting from the first day of the potential demand for the repayment of the Group's liabilities.

The Group's liabilities to customers are subject to the government's deposit insurance scheme, as described in Note 1. The fair value of these liabilities reflects these mechanisms for improving the quality of credit.

31. Capital Management

In capital management, the Group has the following objectives: compliance with capital requirements established by the Central Bank of the Republic of Uzbekistan and, in particular, the requirements of the deposit insurance system; ensuring the ability of the Group to function as a continuously operating organization and maintaining the capital base at the level necessary to ensure the capital adequacy ratio as required by the Central Bank of the Republic of Uzbekistan. Control over the implementation of the capital adequacy ratio established by the Central Bank of the Republic of Uzbekistan is carried out on a monthly basis according to forecast and actual data containing the relevant calculations, which are checked and endorsed by the Group's management.

The Group carries out capital management in order to comply with the regulatory capital requirements established by the Central Bank of the Republic of Uzbekistan and to ensure the continuation of activities as a continuously operating enterprise, maximizing the shareholder's profit by optimizing the ratio of borrowed funds to equity.

Control over the implementation of the capital adequacy ratio established by the Central Bank of the Republic of Uzbekistan is carried out with the help of monthly reports containing relevant calculations, which are checked and approved by the Chairman of the Management Board of the Group.

The table below provides an analysis of the Group's regulatory capital based on IFRS balances. All calculations are based on the Group's understanding of:

The Bank's capital calculation based on the Basel Capital Accord is as follows:

	31 December 2024	31 December 2023
Fully paid shares	5 117 621	3 796 064
Retained earnings / (uncovered loss)	(218 255)	103 457
Investment financial assets	(10 344)	(10 766)
Tier 1 adjusted equity	**4 889 022**	**3 888 755**
Net profit / (uncovered loss) for the current year	(798 037)	(321 424)
Adjusted total amount of risk-based capital	**4 090 985**	**3 567 331**
The amount of risk-weighted balance sheet and off-balance sheet assets	25 417 449	19 549 996
Operational risk	1 371 654	578 904
Market Risk	139 942	171 397
Adjusted total risk-weighted assets	**26 929 045**	**20 300 298**
Tier 1 capital adequacy ratio	**18,2%**	**19,2%**
Capital adequacy ratio	**15,2%**	**17,6%**

32. Risk Management

The Group manages risks in relation to financial risks (credit, market, currency, liquidity and interest rate risks), as well as operational and legal risks. The assessment of the risk assumed also serves as the basis for the optimal allocation of capital taking into account the risks, pricing of operations and assessment of the results of operations. The Group's management must ensure that internal policies and procedures are properly followed in order to minimise operational and legal risks.

32.1. Credit risk

The Group assumes credit risk, namely the risk that the counterparty will not be able to repay the debt in full when due. The Group controls credit risk by setting limits per borrower or groups of related borrowers, as well as by industry segments. The Group regularly monitors such risks; The limits are reviewed annually.

Risk reduction and limitation policy. The Group manages, limits and controls the concentration of credit risk wherever it is established, in particular in relation to individual counterparties and groups, and in relation to industries. The Group controls credit risk by setting limits per borrower or group of related borrowers, as well as setting limits by geographical and industry segments. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet their obligations to repay interest and principal and, if necessary, by changing credit limits.

Application of IFRS 9: Credit Risk. Expected credit loss model and provisioning fundamentals. The Group applies an expected credit loss model for the purpose of provisioning financial debt instruments, the key principle of which is to reflect in a timely manner the deterioration or improvement in the credit quality of debt financial instruments, taking into account current and forward-looking information. The amount of expected credit losses recognised as a provision for credit losses depends on the degree of deterioration in credit quality since the initial recognition of debt financial instruments Tool.

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

⇒ **Stage 1** - 12-month expected credit losses - Debt financial instruments for which there has been no significant increase in credit risk and for which 12-month expected credit losses are calculated.

⇒ **Stage 2** - Lifetime Expected Credit Losses - Unimpaired Assets - Debt financial instruments with a significant increase in credit risk, but not impaired and for which expected credit losses over the life of the financial instrument are calculated.

⇒ **Stage 3** - Lifetime Expected Credit Losses - Impaired Assets - Impaired Debt Financial Instruments.

For impaired financial assets acquired or issued, the allowance for credit losses is formed in the amount of cumulative changes in the amount of expected credit losses over the life of the instrument since the acquisition or loan.

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:

⇒ Overdue debts to the Group for a period of 31 to 90 days (inclusive);

⇒ Significant changes in external and internal credit ratings resulting from changes in credit risk compared to initial recognition;

⇒ Deterioration of the internal rating to the level at which the Group decides to refuse to provide a loan;

⇒ Identification of events that can affect solvency (revocation of the license, the presence of lawsuits, violation of the terms of credit documentation, etc.).

The main signs of classifying a debt financial instrument as impaired (stage 3):

⇒ The borrower is more than 90 days late in repayment of any debt owed to the Group;

⇒ Default restructuring of debt and/or financial liabilities on financial market operations and expected insolvency;

⇒ Other signs of insolvency, the identification of which leads to the assignment of default to the borrower (bankruptcy of the borrower, expected decision by the borrower to liquidate or terminate activities, probable non-repayment of debt by the borrower, etc.).

Restoration of credit quality. The improvement of the credit quality of the borrower, for which a significant increase in credit risk was identified at previous reporting dates, to the level of risk related to the first stage is determined on the basis of an assessment of the change in credit risk at the reporting date compared to the time of initial recognition.

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

Approach to provisioning for impaired assets acquired or issued. To calculate the allowance for credit losses in respect of impaired assets acquired or issued, the Group measures the cumulative changes in the amount of expected credit losses over the life of the instrument since the date of acquisition or issuance.

A financial asset is considered to be an acquired or impaired asset when it has one or more events that adversely affect the estimated future cash flows of that financial asset, in particular the observable data on the following events at the time of acquisition or issuance:

⇒ significant financial difficulties of the counterparty / issuer;

⇒ breaches of the terms of the contract, such as late payment;

⇒ the creditor's assignment to its counterparty/issuer due to economic reasons or contractual terms related to the financial difficulties of such counterparty/issuer and which the creditor would not otherwise provide;

⇒ the emergence of a probability of bankruptcy or other financial reorganization;

⇒ the disappearance of an active market for a given financial asset as a result of the issuer's financial difficulties;

⇒ the purchase or creation of a financial asset at a large discount that reflects the credit losses incurred.

Valuation methods and method of formation of an allowance for credit losses. For the purpose of estimating 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-level valuation is used for all debt financial instruments within the Individuals segment.

The main method of making allowances for credit losses, which is used at the group level, is provisioning on a collective basis. It is mandatory for financial instruments for which the debt is not material or for which there was no material increase in credit risk or impairment in the reporting period.

Reserve financial assets on a case-by-case basis. The amount of the allowance for credit losses for each debt financial asset is based on an assessment of the weighted average expected credit losses under the scenarios under consideration.

⇒ The number of scenarios to be considered and their weights are determined on the basis of the methodology developed by the Panel, taking into account the current as well as reasonable forecast information, however, the number of scenarios under consideration cannot be less than two (including the 100% loss scenario) and the probability of their occurrence must be higher than zero.

⇒ The estimate of expected losses with an individual approach to provisioning takes into account the time value of money, as well as reasonable information about past, current and projected future economic conditions. The amount of the allowance for credit losses is determined as the difference between the gross carrying amount of the debt financial asset before deduction of the allowance for credit losses at the measurement date and its recoverable amount.

To estimate recoverable amount, a discounted cash flow method is used based on expected future payments on a 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 inflows:

⇒ free cash flows from operating activities;

⇒ future amounts recoverable as a result of the sale of the pledge;

⇒ cash receipts from other sources - for example, as a result of court proceedings (except for the sale of collateral) or bankruptcy proceedings.

Reserve financial assets on a collective basis. Collective assessment of allowances for credit losses of debt 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 delinquency group) for the relevant period (12 months or Lifetime PD). Values are determined based on internal models as well as migration matrices (Markov chains). Calculations of the probability of default are adjusted taking into account forecast information. Probability of default (PD) indicators used by the Group, based on Moody's data for financial institutions. For corporate data on the main sectors of the economy and individuals, data published in the official websites of government agencies, the Central Bank of the Republic of Uzbekistan (www.cbu.uz) and other sources are used. As forecast information, data on the quality of the loan portfolio of banks of previous periods, as well as current and expected changes in macroeconomic variables (for example, real GDP growth, inflation, growth of real disposable cash incomes of the population, etc.) are used.

The impact of these economic variables on the probability of default is determined using statistical regression analysis, and is calculated as the impact of these variables on the rate of default in past periods. The Group estimates expected credit losses for a period of 12 months (Stage 1) or the lifetime of the instrument, weighted by taking into account the probability of scenarios. These probability-weighted expected credit losses are determined by calculating each scenario against the appropriate expected credit loss model and multiplying them by the corresponding scenario weights.

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

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

EAD is the amount of a credit claim subject to the risk of default. The 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 carried at amortised cost and loans with a lump sum at the time of default, determined on the basis of the amounts payable by the borrower under the contract over a 12-month period or over the lifetime of the financial instrument. This debt is also adjusted taking into account the expected overpayment by the borrower. Assumptions about early repayment or refinancing are also included in the calculation. For renewable products, debt at the time of default is projected by adding a "credit conversion ratio" to the current balance of funds used, which takes into account the expected use of the remaining limit at the time of default. These assumptions vary depending on the type of product, the current use of the limit and other behavioral characteristics of a particular borrower. Values are determined using models developed from internal statistics.

Determination of the allowance for credit losses for credit liabilities. If a counterparty has current balance sheet liabilities, credit loss provisions for credit liabilities are measured in accordance with the approaches applied to the provision of balance sheet receivables of this counterparty, taking into account the credit conversion factor (CCF) determined both on the basis of statistical data and using Basel values. If the counterparty has only credit liabilities, the valuation of allowances at credit losses are realized depending on the amount of the liability, 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 that are subject to IFRS 9.

⇒ "Minimum credit risk" means assets whose counterparties demonstrate a stable ability to meet financial obligations in a timely manner with a low probability of default.

⇒ "Low credit risk" is assets for which counterparties have a low probability of default and a high ability to meet financial obligations in a timely manner.

⇒ "Medium credit risk" - assets for which 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 for which counterparties have a high probability of default require special attention at the monitoring stage.

⇒ "Default" means assets that meet the definition of default by the available signs of impairment.

32.2. Market Risk

The Group assumes the market risk associated with open positions in interest, currency and equity instruments, which are subject to the risk of general and specific market changes. The Board sets limits on the level of risk accepted and monitors compliance with them on a daily basis. However, this approach does not prevent losses in excess of limits in the event of more significant changes in the market.

The objective of market risk management is to ensure that market risk exposure does not exceed acceptable parameters, while optimizing the return on the risk taken.

32.3. Other price risk

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

32.4. Geographical Risk

The table below provides an analysis of the geographical concentration of the Group's financial assets and liabilities as at 31 December 2024:

	Uzbekistan	OECDand FATF member countries	Other countries	Total
Financial assets				
Cash and cash equivalents	2 217 970	576 339	17 563	**2 811 872**
Due from credit organizations	59 315	28 455	-	**87 770**
Loans and advances to customers	18 235 343	-	-	**18 235 343**
Investment financial assets	211 631	-	-	**211 631**
Other financial assets	25 293	-	17 818	**43 111**
Total financial assets	**20 749 552**	**604 794**	**35 381**	**21 389 727**
Financial liabilities				
Due to other banks	1 580 764	-	-	**1 580 764**
Customer funds	7 603 288	-	-	**7 603 288**
Other borrowings	4 479 555	4 290 526	596 467	**9 366 548**
Subordinated debt	689 296	-	-	**689 296**
Other financial liabilities	426 356	-	-	**426 356**
Total financial liabilities	**14 779 259**	**4 290 526**	**596 467**	**19 666 252**
Net financial assets/(liabilities)	**5 970 293**	**(3 685 732)**	**(561 086)**	**1 723 475**
Credit liabilities	**1 664 433**	**-**	**326 812**	**1 991 245**

(in millions of UZS)

The table below provides an analysis of the geographical concentration of the Group's financial assets and liabilities as at 31 December 2023:

	Uzbekistan	OECD and FATF member countries	Other countries	Total
Financial assets				
Cash and cash equivalents	1 532 447	-	13 578	**1 546 025**
Required reserves in accounts with the Central Bank of the Republic of Uzbekistan	47 399	-	-	**47 399**
Due from credit organizations	65 100	-	-	**65 100**
Loans and advances to customers	14 670 528	-	-	**14 670 528**
Investment financial assets	10 766	-	-	**10 766**
Other financial assets	27 765	-	11 156	**38 921**
Total financial assets	**16 354 005**	**-**	**24 734**	**16 378 739**
Financial liabilities				
Due to other banks	1 381 783	-	-	**1 381 783**
Customer funds	6 280 295	-	-	**6 280 295**
Debt securities issued	70 400	-	-	**70 400**
Other borrowings	3 495 331	2 605 834	424 120	**6 525 285**
Subordinated debt	50 000	-	-	**50 000**
Other financial liabilities	304 276	-	-	**304 276**
Total financial liabilities	**11 582 085**	**2 605 834**	**424 120**	**14 612 039**
Net financial assets/(liabilities)	**4 771 920**	**(2 605 834)**	**(399 386)**	**1 766 700**
Credit liabilities	**806 290**	**-**	**6 247**	**812 537**

Assets, liabilities and liabilities of a credit nature are generally classified according to the country where the counterparty is located. Cash, funds in other banks are classified according to the country of their physical location.

32.5. Currency Risk

The table below provides an overview of the Group's foreign currency risk at the end of the reporting period:

	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
UZS	15 541 993	13 638 687	1 903 306
US dollars	4 701 184	4 923 009	(221 825)
EURO	1 141 804	1 103 358	38 446
Other	4 746	1 198	3 548
Total for 2024	**21 389 727**	**19 666 252**	**1 723 475**
UZS	11 588 904	10 169 796	1 419 108
US dollars	3 624 693	3 467 776	156 917
EURO	1 160 318	972 955	187 363
Other	4 824	1 512	3 312
Total for 2023	**16 378 739**	**14 612 039**	**1 766 700**

The Group assumes the risk associated with the impact of fluctuations in foreign exchange rates on its financial position and cash flows. The Supervisory Board sets limits on the level of risk assumed in terms of currencies and in general, both at the end of each day and within one day, and monitors compliance with them on a daily basis. The Group's treasury measures its foreign currency risk by analysing its net foreign exchange position denominated in the same currency and analyses the effect of the appreciation/impairment of the same currency in relation to the Uzbek soum on the Group's profit or loss.

The table below shows the changes in financial performance and comprehensive income resulting from possible changes in the exchange rates used at the end of the reporting period, while all other conditions remain unchanged. A reasonable possible change in the exchange rate for each currency is determined on the basis of the maximum limits of fluctuations, the rates changed by 10% compared to the current ones.

	31 December 2024	31 December 2023
Strengthening of the US dollar by 10%	(22 183)	15 692
Weakening of the US dollar by 10%	22 183	(15 692)
Strengthening of the EURO by 10%	3 845	18 736
Weakening of the EURO by 10%	(3 845)	(18 736)

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

32.6. Liquidity risk

Liquidity risk is the risk that an entity will face difficulties in meeting financial obligations. The Group is exposed to risk due to the daily need to use available cash to settle overnight deposits, customer accounts, repay deposits, issue loans and loans, pay off guarantees and cash derivatives. The Group does not accumulate cash in the event of the need for a one-time fulfillment of all the above obligations, since, based on the accumulated experience, it is possible to predict with a sufficient degree of accuracy the level of funds required to fulfill these obligations. Liquidity risk is controlled by the Group's Treasury.

The Group endeavors to maintain a stable funding base comprised primarily of amounts due to other banks and corporate/individual deposits. The Group invests in diversified portfolios of liquid assets in order to be able to meet unforeseen liquidity requirements quickly and smoothly.

The Group's liquidity management requires an analysis of the level of liquid assets necessary to settle liabilities at maturity; ensuring access to various sources of financing; having plans in place in case of problems with financing and monitoring the compliance of liquidity standards with legal requirements. The Group calculates liquidity ratios on a monthly basis in accordance with the requirements of the Central Bank of the Republic of Uzbekistan.

As the Treasury receives information on financial assets and liabilities, it ensures that it has an adequate portfolio of short-term liquid assets, mainly consisting of short-term liquid trading securities, bank deposits and other interbank instruments, to maintain a sufficient level of liquidity for the Group as a whole.

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

The table below shows the distribution of liabilities by contractual terms remaining to maturity. The amounts of liabilities in the table represent the cash flows provided for in the contract, including the gross amount of finance lease liabilities, as well as financial guarantees. These undiscounted cash flows differ from the amounts shown in the statement of financial position because the amounts in the statement of financial position are based on discounted cash flows.

The table below illustrates the maturity analysis of non-derivative financial assets carried at carrying amount on a contractual maturity basis, except for assets that can be readily realised if there is a need for cash outflows related to financial liabilities. Such financial assets are included in the maturity analysis on the basis of the expected date of disposal. Impaired loans and borrowings are included in the table at carrying amount less allowance for impairment and based on expected terms of cash inflow.

In cases where the amount payable is not fixed, the amount in the table is determined based on the conditions prevailing at the end of the reporting period. Foreign currency payments are translated using the current exchange rate at the end of the reporting period.

The liquidity requirements for payments under guarantees and letters of credit are significantly lower than the amount of the corresponding obligations presented in the maturity analysis above, as the Group does not normally expect the funds under these obligations to be claimed by third parties. The total amount of contractual loan commitments included in the table above does not necessarily represent the amount of money that will need to be repaid in the future, as many of these obligations may not be claimed or terminated before they expire.

(in millions of UZS)

The table below provides an analysis of liquidity risk as of December 31, 2024:

	On demand and less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 3 years	More than 2 years	Total
Due from credit organizations	-	-	14 752	-	73 018	**87 770**
Loans and advances to customers	1 264 524	1 008 787	3 390 065	3 315 477	9 256 490	**18 235 343**
Investment financial assets	-	155 355	45 841	10 328	-	**211 524**
Total financial assets on which interest accrues	**1 264 524**	**1 164 142**	**3 450 658**	**3 325 805**	**9 329 508**	**18 534 637**
Cash and cash equivalents	2 811 872	-	-	-	-	**2 811 872**
Investment financial assets	107	-	-	-	-	**107**
Other financial assets	43 111	-	-	-	-	**43 111**
Total financial assets	**4 119 614**	**1 164 142**	**3 450 658**	**3 325 805**	**9 329 508**	**21 389 727**
Due to other banks	216 882	540 930	224 053	134 553	464 346	**1 580 764**
Customer funds	379 140	210 127	2 025 536	2 429 191	1 117 990	**6 161 984**
Other borrowings	374 828	223 380	2 061 469	1 717 240	4 989 631	**9 366 548**
Subordinated debt	-	-	-	-	689 296	**689 296**
Total financial liabilities on which interest accrues	**970 850**	**974 437**	**4 311 058**	**4 280 984**	**7 261 263**	**17 798 592**
Customer funds	1 441 304	-	-	-	-	**1 441 304**
Other financial liabilities	426 356	-	-	-	-	**426 356**
Total financial liabilities	**2 838 510**	**974 437**	**4 311 058**	**4 280 984**	**7 261 263**	**19 666 252**
Difference between financial assets and liabilities	**1 281 104**	**189 705**	**(860 400)**	**(955 179)**	**2 068 245**	**1 723 475**
Difference between financial assets and liabilities that accrue interest	**293 674**	**189 705**	**(860 400)**	**(955 179)**	**2 068 245**	**736 045**
Difference between financial assets and liabilities on which interest accrues on a cumulative basis	**293 674**	**483 379**	**(377 021)**	**(1 332 200)**	**736 045**	**-**

(in millions of UZS)

The table below provides an analysis of liquidity risk as of December 31, 2023:

	On demand and less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 3 years	More than 2 years	Total
Due from credit organizations	-	82	-	-	65 018	**65 100**
Loans and advances to customers	2 130 308	1 070 889	3 136 110	2 939 048	5 394 173	**14 670 528**
Investment financial assets	-	-	-	-	10 322	**10 322**
Total financial assets on which interest accrues	**2 130 308**	**1 070 971**	**3 136 110**	**2 939 048**	**5 469 513**	**14 745 950**
Cash and cash equivalents	1 546 025	-	-	-	-	**1 546 025**
Required reserves in accounts with the Central Bank of the Republic of Uzbekistan	47 399	-	-	-	-	**47 399**
Investment financial assets	444	-	-	-	-	**444**
Other financial assets	38 921	-	-	-	-	**38 921**
Total financial assets	**3 763 097**	**1 070 971**	**3 136 110**	**2 939 048**	**5 469 513**	**16 378 739**
Due to other banks	88 286	68 859	482 047	489 815	252 776	**1 381 783**
Customer funds	466 273	352 820	2 059 668	1 120 770	1 347 670	**5 347 201**
Debt securities issued	-	15 000	55 400	-	-	**70 400**
Other borrowings	298 494	117 128	1 334 195	1 122 963	3 652 505	**6 525 285**
Subordinated debt	-	-	-	-	50 000	**50 000**
Total financial liabilities on which interest accrues	**853 053**	**553 807**	**3 931 310**	**2 733 548**	**5 302 951**	**13 374 669**
Customer funds	933 094	-	-	-	-	**933 094**
Other financial liabilities	304 276	-	-	-	-	**304 276**
Total financial liabilities	**2 090 423**	**553 807**	**3 931 310**	**2 733 548**	**5 302 951**	**14 612 039**
Difference Between Financial Assets and Liabilities	**1 672 674**	**517 164**	**(795 200)**	**205 500**	**166 562**	**1 766 700**
Difference between financial assets and liabilities that accrue interest	**1 277 255**	**517 164**	**(795 200)**	**205 500**	**166 562**	**1 371 281**
The difference between financial assets and liabilities on which interest accrues on a cumulative basis	**1 277 255**	**1 794 419**	**999 219**	**1 204 719**	**1 371 281**	**-**

In the view of the Group's management, the mismatch in the terms of placement and maturity of assets and liabilities is a temporary factor. In banks, as a rule, there is no complete match for these positions, since transactions often have indefinite maturity dates and different nature.

The liquidity requirements for payments under guarantees and letters of credit are significantly lower than the amount of the corresponding liabilities, as the Group does not normally expect that funds under these obligations will be claimed by third parties. The total amount of contractual loan commitments does not necessarily represent the amount of money that will need to be repaid in the future, as many of these obligations may not be claimed or terminated before they expire.

32.7. Interest rate risk

The Group assumes the risk associated with the impact of fluctuations in market interest rates on its financial position and cash flows. Such fluctuations can increase the level of interest margins, but in the event of unexpected changes in interest rates, the interest margin can also decrease or cause losses.

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

The Group monitors interest rates on financial instruments.

The table below shows the interest rates on financial instruments as of the reporting date:

	31 December 2024		31 December 2023	
Assets	**Uzbek soums**	**US dollars**	**Uzbek soums**	**US dollars**
Cash and cash equivalents	8%	4%	16%	4%
Due from credit organizations	9,5-10%	4,2%	10-19%	-
Loans and advances to customers	1-36%	0-16%	0-54%	1,5-21%
Investment financial assets	13,5%	-	13,5%	-
Liaibilities				
Due to other banks	3-19%	6%	0-18%	0-8,5%
Customer funds	0-23%	0-8,5%	0-28%	1-8,5%
Debt securities issued	-	-	19%	-
Other borrowings	0-20%	1,5-11,9%	0-15%	2-11,9%
Subordinated debt	2-13,5%	-	8%	-

33. Segment Information

The main format for providing information on the segments of the Group's activities is the presentation of information on operating segments, ancillary segments - on geographical segments.

All clients of the Group are residents of the Republic of Uzbekistan and all transactions and services are related to these customers.

33.1. Operating segments

The Group operates in two main operating segments:

⇒ Individuals - provision of banking services to private clients and private entrepreneurs, maintenance of current accounts of private clients, acceptance of savings deposits and deposits, servicing of debit cards, provision of consumer loans and loans secured by real estate.

⇒ Legal entities - maintenance of current accounts, attraction of deposits, provision of loans and other lending services, without acceptance write-off of funds, transactions with foreign currency and derivative financial instruments.

Transactions between operating segments are carried out on ordinary commercial terms. Funds are reallocated between segments, which leads to a redistribution of financing costs taken into account in the calculation of operating income. Interest accrued on these funds is calculated based on the cost of raising the Group's capital. There are no other material income or expenses from transactions between operating segments.

Segment assets and liabilities represent assets and liabilities that make up the majority of the balance sheet, but exclude items such as debt taxation. Internal costs and transfer pricing adjustments are included in the results of the relevant segments. Revenue sharing agreements are used to reliably allocate revenue generated from external customers between segments.

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

	Individuals	Legal entities	Undistributed	Total
Financial assets				
Cash and cash equivalents	-	1 441 970	1 369 902	**2 811 872**
Due from credit organizations	-	87 770	-	**87 770**
Loans and advances to customers	7 498 009	10 737 334	-	**18 235 343**
Investment financial assets	-	211 631	-	**211 631**
Other financial assets	17 818	25 293	-	**43 111**
Total financial assets	**7 515 827**	**12 503 998**	**1 369 902**	**21 389 727**
Financial liabilities				
Due to other banks	-	1 580 764	-	**1 580 764**
Customer funds	2 601 177	5 002 111	-	**7 603 288**
Other borrowings	-	9 366 548	-	**9 366 548**
Subordinated debt	-	689 296	-	**689 296**
Other financial liabiilities	12 184	414 172	-	**426 356**
Total financial liabilities	**2 613 361**	**17 052 891**	**-**	**19 666 252**
Net financial assets / (liabilities)	**4 902 466**	**(4 548 893)**	**1 369 902**	**1 723 475**
Credit liabilities	**59 692**	**1 931 553**	**-**	**1 991 245**

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

	Individuals	Legal entities	Non-distributable	Total
Financial assets				
Cash and cash equivalents	-	563 500	982 525	**1 546 025**
Required reserves in accounts with the Central Bank of the Republic of Uzbekistan	-	-	47 399	**47 399**
Due from credit organizations	-	65 100	-	**65 100**
Loans and advances to customers	5 373 451	9 297 077	-	**14 670 528**
Investment financial assets	-	10 766	-	**10 766**
Other financial assets	10 487	28 434	-	**38 921**
Total financial assets	**5 383 938**	**9 964 877**	**1 029 924**	**16 378 739**
Financial liabilities				
Due to other banks	-	1 381 783	-	**1 381 783**
Customer funds	1 741 915	4 538 380	-	**6 280 295**
Debt securities issued	-	70 400	-	**70 400**
Other borrowings	-	6 525 285	-	**6 525 285**
Subordinated debt	-	50 000	-	**50 000**
Other financial liabilities	13	304 263	-	**304 276**
Total financial liabilities	**1 741 928**	**12 870 111**	**-**	**14 612 039**
Net financial assets / (liabilities)	**3 642 010**	**(2 905 234)**	**1 029 924**	**1 766 700**
Credit liabilities	**41 293**	**771 244**	**-**	**812 537**

34. Events after the reporting date

In the period between the reporting date and the date of signing of these consolidated financial statements, there were no events that had a material impact on the Group's financial position.