

JSC “ANOR BANK”

Financial statements

*For the year ended 31 December 2024
with independent auditor's report*

Content

Independent auditor's report

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Independent auditor's report

To the Shareholders and the Supervisory Board of JSC "ANOR BANK" Bank

Report on the audit of the financial statements

Opinion

We have audited the financial statements of JSC "Anor Bank" (hereinafter, the "Bank"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for opinion

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

Responsibilities of management and the Supervisory Board for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

- whether as at 31 December 2024 the Bank complied with prudential ratios established by the Central Bank of the Republic of Uzbekistan;
- whether the elements of the Bank's internal control and organization of its risk management systems comply with the requirements established by the Central Bank of the Republic of Uzbekistan.

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

Our findings from the procedures performed are reported below.

Based on our procedures with respect to the Bank's compliance with the prudential ratios established by the Central Bank of the Republic of Uzbekistan, we found that the Bank's prudential ratios, as at 31 December 2024, were within the limits established by the Central Bank of the Republic of Uzbekistan.

We have not performed any procedures on the accounting records maintained by the Bank, other than those which we considered necessary to enable us to express an opinion as to whether the Bank's financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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

- as at 31 December 2024, the Bank's internal audit function was subordinated to, and reported to, the Supervisory Board, and the risk management function was not subordinated to, and did not report to, divisions taking relevant risks;

- the frequency of reports prepared by the Bank's internal audit function during 2024 was in compliance with the requirements of the Central Bank of the Republic of Uzbekistan. The reports were approved by the Supervisory Board and included observations made by the Bank's internal audit function in respect of internal control systems;
- as at 31 December 2024, the Bank established Information security function, and the information security policy was approved by the Bank's management board. Information security function was subordinated to and reported directly to the Chairman of the management board;
- reports by the Bank's Information security function to the Chairman of the management board during 2024 included assessment and analysis of information security risks, and results of actions to manage such risks;
- the Bank's internal documentation, effective on 31 December 2024, establishing the procedures and methodologies for identifying and managing credit risk, market risk, liquidity risk, operational risk, country risk, legal risk, reputational risk, fraud risk (hereinafter "significant risks"), and for stress-testing, was approved by the authorised management bodies of the Bank;
- as at 31 December 2024, the Bank maintained a system for reporting on the Bank's significant risks, and on the Bank's capital;
- the frequency of reports prepared by the Bank's risk management and internal audit functions during 2024, which cover the Bank's significant risks management, was in compliance with the Bank's internal documentation. The reports included observations made by the Bank's risk management and internal audit functions as to their assessment of the Bank's significant risks and risk management system, and recommendations for improvement;
- as at 31 December 2024, the Supervisory Board and Executive Management of the Bank had responsibility for monitoring the Bank's compliance with the risk limits and capital adequacy ratios established in the Bank's internal documentation. In order to monitor the effectiveness of the Bank's risk management procedures and their consistent application during 2024, the Supervisory Board and executive management bodies of the Bank periodically discussed the reports prepared by the risk management and internal audit functions, and considered the proposed corrective actions.

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

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

Tashkent, Uzbekistan

3 June 2025

FE Audit Company «Ernst & Young» LLC

FE Audit Company «Ernst & Young» LLC

Certificate authorizing audit of banks registered by the Central Bank of the Republic of Uzbekistan Under #11 dated 22 July 2019

A. Azamov

Anvarkhon Azamov

Engagement Partner / Qualified auditor

Auditor qualification certificate authorizing audit of banks #25 dated 29 March 2023 issued by the Central Bank of the Republic of Uzbekistan

Statement of financial position

As of December 31, 2024

(thousands of Uzbek soums)

	Note	2024	2023 (reclassified)
Assets			
Cash and cash equivalents	6	1,481,004,784	460,353,282
Amounts due from credit institutions	7	29,505,022	70,013,765
Investment securities	8	337,571,408	-
Loans to customers	9	6,805,023,998	3,129,274,086
Property and equipment	10	135,258,616	150,646,232
Right-of-use assets	10	11,524,696	10,128,861
Intangible assets	11	385,900,520	227,276,716
Income tax prepaid		2,835,847	4,123,955
Deferred income tax assets	12	38,349,929	22,530,495
Other assets	14	489,822,425	169,888,886
Total assets		9,716,797,245	4,244,236,278
Liabilities			
Amounts due to credit institutions	16	4,500,000	249,430
Amounts due to customers	17	8,742,526,202	3,688,263,174
Subordinated loans	18	111,460,000	41,290,000
Lease liability	15	12,363,925	10,374,242
Other liabilities	14	34,480,219	54,899,290
Total liabilities		8,905,330,346	3,795,076,136
Equity	19		
Share capital		730,000,000	400,000,000
Retained Earnings		81,466,899	49,160,142
Total equity		811,466,899	449,160,142
Total equity and liabilities		9,716,797,245	4,244,236,278

Signed and approved for release on behalf of the Management Board of the Bank.



Chairman of the Management Board

Chief Accountant

Statement of profit or loss and other comprehensive income**For the year ended December 31, 2024***(thousands of Uzbek soums)*

	Note	2024	2023 (reclassified)
Interest revenue calculated using the effective interest rate		1,833,281,943	1,084,351,589
Interest expense		(1,145,024,532)	(636,465,551)
Net interest income	21	688,257,411	447,886,038
Credit loss expense	13	(185,097,541)	(55,611,522)
Net interest income after credit loss expense		503,159,870	392,274,516
Fee and commission income	22	186,426,773	114,576,471
Fee and commission expense	22	(105,405,740)	(74,834,527)
Net gains/(losses) on foreign exchange operations:			
– dealing		57,737,271	39,884,406
– translation differences		(902,414)	(1,942,755)
Other income		50,862,872	3,882,562
Non-interest income		188,718,762	81,566,157
Personnel expenses	23	(233,640,917)	(146,843,600)
Depreciation and amortization	10, 11	(80,655,849)	(51,496,588)
Other operating expenses	23	(231,569,298)	(180,524,728)
Non-interest expense		(545,866,064)	(378,864,916)
Profit before income tax		146,012,568	94,975,757
Income tax expense	12	(32,768,311)	(14,890,650)
Profit for the year		113,244,257	80,085,107
Other comprehensive income for the year, net of taxes		–	–
Total comprehensive income for the year		113,244,257	80,085,107

Signed and approved for release on behalf of the Management Board of the Bank.

June 3, 2025

Chairman of the Management Board

Chief Accountant

Statement of changes in equity

As of December 31, 2024

(thousands of Uzbek soums)

	Share capital	Retained Earnings/ (Accumulated Deficit)	Total
As of January 1, 2023	301,000,000	(30,924,965)	270,075,035
Profit for the year	-	80,085,107	80,085,107
Total comprehensive income for the year	-	80,085,107	80,085,107
Share capital increase (Note 19)	99,000,000	-	99,000,000
As of December 31, 2023	400,000,000	49,160,142	449,160,142
Profit for the year	-	113,244,257	113,244,257
Total comprehensive income for the year	-	113,244,257	113,244,257
Dividends paid	-	(80,937,500)	(80,937,500)
Share capital increase (Note 19)	330,000,000	-	330,000,000
As of December 31, 2024	730,000,000	81,466,899	811,466,899

Signed and approved for release on behalf of the Management Board of the Bank.



Sherzod Akramov

Umid Babayev

June 3, 2025

Chairman of the Management Board

Chief Accountant

Statement of cash flows

As of December 31, 2024

(thousands of Uzbek soums)

	Note	2024	2023 (reclassified)
Cash flows from operating activities			
Interest received		1,689,333,840	1,013,442,895
Interest paid		(1,156,155,874)	(643,332,801)
Fees and commissions received		155,795,095	84,265,587
Fees and commissions paid		(96,830,232)	(74,834,527)
Realized gains net of foreign exchange gains/losses		57,737,271	35,998,896
Other income received		50,862,872	3,686,655
Personnel expenses paid		(231,608,160)	(145,726,144)
Other operating expenses paid		(208,029,823)	(160,424,608)
Cash flows from operating activities before changes in operating assets and liabilities		261,104,989	113,075,953
<i>Net (increase)/decrease in operating assets</i>			
Amounts due from credit institutions		41,351,176	(16,761,834)
Debt instruments at amortised cost		(339,544,313)	-
Loans to customers		(3,738,110,881)	(963,892,633)
Other assets		39,043,601	(86,428,922)
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to credit institutions		4,259,324	(62,637,416)
Amounts due to customers		5,067,590,204	683,657,135
Other liabilities		(43,678,912)	6,974,646
Net cash flows from operating activities before income tax		1,292,015,188	(326,013,071)
Income tax paid		(47,299,637)	(27,874,809)
Net cash from / (used in) operating activities		1,244,715,551	(353,887,880)
Cash flows from investing activities			
Purchase of property and equipment, right-of use of assets and intangible assets		(536,169,932)	(192,417,750)
Proceeds from sale of property and equipment		754,311	-
Investments in other companies		(1,000)	-
Net cash used in investing activities		(535,416,621)	(192,417,750)
Cash flows from financing activities			
Proceeds from share capital increase	19	330,000,000	99,000,000
Proceeds from / (repayment of) subordinated loans		70,170,000	(14,210,000)
Dividends paid to shareholders of the Bank		(80,937,500)	-
Payment of lease liabilities	15	(6,328,856)	(2,800,736)
Net cash from financing activities		312,903,644	81,989,264
Effect of changes in exchange rates on cash and cash equivalents		(472,363)	240,638
Effect of expected credit losses on cash and cash equivalents	6	(1,078,709)	(22,774)
Net increase / (decrease) in cash and cash equivalents		1,020,651,502	(464,098,502)
Cash and cash equivalents at the beginning of the reporting year		460,353,282	924,451,784
Cash and cash equivalents at the end of the reporting year	6	1,481,004,784	460,353,282

Signed and approved for release on behalf of the Management Board of the Bank.

Sherzod Akramov

Chairman of the Management Board

Umid Babayev

Chief Accountant

The accompanying notes on pages 5-38 are an integral part of these financial statements.

(thousands of Uzbek soums)

1. PRINCIPAL ACTIVITIES

"ANOR BANK" JSC (hereinafter referred to as the "Bank") was established in 2020 in the form of a joint stock company in accordance with the legislation of the Republic of Uzbekistan and it is a digital bank. The bank operates on the basis of a license for the right to carry out banking activities issued by the Central Bank of the Republic of Uzbekistan (hereinafter referred to as the "CBU") on August 22, 2020.

The Bank accepts deposits from the population and provides loans in the territory of the Republic of Uzbekistan, as well as provides other banking services to legal entities and individuals who are the Bank's customers. The head office of the Bank is located in Tashkent. Legal address of the Bank: Republic of Uzbekistan, Tashkent, st. Sayram 5-passage, 4.

The shareholders of the Bank as of December 31 are:

Shareholder	2024	2023
Kakhramonjon Olimov	99.33%	91.3%
JSC "Kapital Sug'urta"	0.67%	8.7%
Total	100%	100%

The bank is ultimately controlled by Kakhramonjon Olimov.

2. BASIS OF PREPARATION

General

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Bank is obliged to keep accounting records and prepare financial statements in accordance with the legislation and regulations of the Republic of Uzbekistan on accounting and banking activities (hereinafter referred to as "NAS"). These financial statements are based on NAS, as adjusted and reclassified in order to comply with IFRS.

These financial statements have been prepared in accordance with the historical cost principle, except as noted in the Significant Accounting Policies section.

These financial statements are presented in thousands of Uzbek soums (hereinafter referred to as "thousand soums"), unless otherwise indicated.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

New and amended standards

The following amendments to existing IFRS accounting standards became effective for annual periods beginning on 1 January 2024:

- ▶ Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1;
- ▶ Lease Liability in a Sale and Leaseback – Amendments to IFRS 16;
- ▶ Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

None of these amendments will have an impact on the Bank's financial statements at 31 December 2024.

Fair value measurement

The Bank uses valuation models that are appropriate in the circumstances and for which data sufficient to measure fair value are available, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities whose fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy described below, based on the lowest level of input that is significant to the fair value measurement as a whole:

- ▶ Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ▶ Level 2 – valuation models in which the lowest level inputs significant to the fair value measurement are directly or indirectly observable in the market;
- ▶ Level 3 – valuation models in which the lowest level inputs significant to the fair value measurement are not observable in the market.

*(thousands of Uzbek soums)***3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****Fair value measurement (continued)**

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether they need to be transferred between levels of the hierarchy by reassessing the classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities***Initial recognition******Date of recognition***

Regular way purchases or sales of financial assets and liabilities are recognized on the trade date, i.e. on the date the Bank commits to purchase the asset or liability. Regular way buying or selling refers to the purchase or sale of financial assets and liabilities under a contract that requires the delivery of assets and liabilities within a timeframe specified by market rules or conventions.

Initial assessment

The classification of financial instruments at initial recognition depends on the contractual terms and the business model used to manage the instruments. Financial instruments are initially measured at fair value, including transaction costs, unless financial assets and financial liabilities are measured at FVPL.

Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets, based on the business model used to manage the assets and the contractual terms of the assets, as measured at:

- ▶ Amortized cost;
- ▶ FVOCI;
- ▶ FVPL.

Financial liabilities, other than loan commitments and financial guarantees, are either measured at amortized cost or at FVPL if they are held for trading and derivatives, or at the discretion of the entity are classified as measured at fair value.

Amounts due from credit institutions, loans to customers, investment securities measured at amortized cost

The Bank measures amounts due from credit institutions, loans to customers and other financial investments at amortized cost only if both of the following conditions are met:

- ▶ The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- ▶ The contractual terms of the financial asset determine receiving cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding (SPPI).

These conditions are discussed in more detail below.

Business model assessment

The Bank defines a business model at the level that best reflects how grouped financial assets are managed to achieve a specific business objective.

The Bank's business model is not assessed at the level of individual instruments, but at a higher level of portfolio aggregation and is based on observable factors such as:

- ▶ How the performance of the business model and the return on financial assets held within that business model are measured, and how this information is communicated to the entity's key management personnel;
- ▶ Risks that affect the performance of the business model (and the return on financial assets held within that business model) and, in particular, how those risks are managed;
- ▶ How managers who operate the business are remunerated (for example, whether the remuneration is based on the fair value of the assets being managed or on contractual cash flows received);
- ▶ The expected frequency, volume and timing of sales are also important considerations when evaluating the Bank's business model.

*(thousands of Uzbek soums)***3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****Financial assets and liabilities (continued)**

The assessment of the business model is based on scenarios that are reasonably expected to occur, without taking into account the so-called "worst" or "stress" scenarios. If cash flows after initial recognition are realized in a manner different from the Bank's expectations, the Bank does not reclassify the remaining financial assets held within the business model but takes such information into account when measuring newly created or newly acquired financial assets going forward.

"Solely payments of principal and interest on principal outstanding" test (SPPI test)

As part of the second step of the classification process, the Bank evaluates the contractual terms of the financial asset to determine whether the contractual cash flows of the asset are solely payments of principal and interest on the principal amount outstanding (called the SPPI test).

For the purposes of this test, "principal" is the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are principal repayments or premium/discount amortization).

The most significant elements of interest under a loan agreement are usually consideration for the time value of money and consideration for credit risk. To perform the SPPI test, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

However, contractual terms that have more than negligible impact on the exposure or volatility of contractual cash flows that are not related to the underlying loan agreement do not give rise to contractual cash flows that are solely payments of principal and interest. In such cases, the financial asset must be measured at FVPL.

Debt instruments measured at FVOCI

The Bank measures debt instruments at FVOCI if both of the following conditions are met:

- ▶ The instrument is held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets;
- ▶ The contractual terms of the financial asset comply with the SPPI test criteria.

Debt instruments measured at FVOCI are subsequently measured at fair value with gains or losses arising from changes in fair value recognized in OCI. Interest income and foreign exchange gains or losses are recognized in profit or loss in the same way as for financial assets measured at amortized cost. On derecognition, the cumulative gain or loss previously recognized in OCI is reclassified from OCI to profit or loss.

ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of those financial assets in the statement of financial position that continue to be measured at fair value. Instead, an amount equal to the allowance for expected losses that would have been created by measuring the asset at amortized cost is recognized in OCI as cumulative impairment, and the corresponding amounts are recognized in profit or loss. The cumulative loss recognized in OCI is reclassified to profit or loss when the asset is derecognized.

Loan commitments and financial guarantee contracts

The Bank issues loan commitments.

Loan commitments are contractual commitments under which, during the life of the commitment, the Bank is required to provide a customer with a loan on pre-agreed terms. For such liabilities, the requirements for measuring ECLs apply.

The Bank occasionally issues loan commitments at below market interest rates. Such liabilities are initially recognized at fair value and subsequently measured at the higher of the ECL allowance and the amount initially recognized less, where appropriate, recognized cumulative income.

Financial guarantee contracts.

The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECL related to financial guarantee contracts are recognised within Provisions.

(thousands of Uzbek soums)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Reclassification of financial assets and liabilities

The Bank does not reclassify financial assets after their initial recognition, except in exceptional cases when the Bank changes the business model for managing financial assets. Financial liabilities are never reclassified. In 2024, the Bank did not reclassify financial assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, funds with the Central Bank of Uzbekistan (including required reserves) and funds with credit institutions with a maturity of ninety days from the date of origin, not encumbered with any contractual obligations.

Offsetting financial instruments

A financial asset and a financial liability are offset and presented net on the statement of financial position when there is a legally enforceable right to set off the recognized amounts and when there is an intention to settle on a net basis, or to realize the asset and settle the liability at the same time. The right to set off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- ▶ In the ordinary course of business;
- ▶ In case of default; and
- ▶ In case of insolvency or bankruptcy of the organization or any of the counterparties.

These conditions are generally not met in respect of master netting agreements and the related assets and liabilities are presented in the statement of financial position in full.

Loan restructuring

The Bank seeks, to the extent possible, instead of foreclosing collateral, to revise the terms of loans, for example, to extend contractual payment terms and agree on new loan terms.

A bank derecognizes a financial asset, such as a loan to a customer, if the terms of the contract are renegotiated so that, in effect, it becomes a new loan and the difference is recognized as a derecognition gain or loss before an impairment loss is recognized. On initial recognition, loans are treated as Stage 1 for ECL purposes unless the originated loan is considered an POCI asset. When evaluating whether to derecognize a loan to a customer, the Bank considers, among other things, the following factors:

- ▶ Changing the loan currency;
- ▶ Changing the counterparty;
- ▶ Whether the modification causes the instrument to no longer meet the criteria for the SPPI test.

If the modification does not result in a significant change in cash flows, the modification does not result in derecognition. Based on the change in cash flows, discounted at the original effective interest rate, the Bank recognizes gain or loss from a modification that is presented as interest revenue, calculated using the effective interest rate in the statement of profit or loss before any impairment loss is recognized.

In the event of a modification that does not result in derecognition, the Bank also reassesses whether there is a significant increase in credit risk or whether assets need to be classified as credit-impaired. Once an asset is classified as credit-impaired as a result of the modification, it will remain in Stage 3 for at least a 6-month trial period. To transfer a restructured loan out of Stage 3, regular payments of more than insignificant amounts of principal or interest are required for at least half of the trial period in accordance with the modified payment schedule.

(thousands of Uzbek soums)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized in the statement of financial position if:

- ▶ The rights to receive cash flows from the asset have expired;
- ▶ The Bank has transferred the right to receive cash flows from the asset or assumed an obligation to transfer the received cash flows in full without material delay to a third party under the terms of a "pass through" agreement; as well as
- ▶ The Bank either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained all the risks and rewards of the asset but has transferred control of the asset.

If the Bank has transferred its rights to receive cash flows from an asset, but neither has transferred nor retained substantially all the risks and rewards of the asset, nor has it transferred control of the asset, such an asset is accounted for to the extent of the Bank's continuing involvement in that asset. A continued interest in an asset, in the form of a guarantee on the transferred asset, is measured at the lower of the asset's original carrying amount and the maximum consideration that can be presented to the Bank.

If the continuing involvement in an asset takes the form of a written and/or written option (including a cash-settled option or similar instrument) on the transferred asset, the Bank's continuing involvement is the value of the transferred asset that the Bank can repurchase, unless in the case of a written put-option (including a cash-settled option or similar instrument) on an asset measured at fair value. In this case, the Bank's continuing involvement is determined as the lower of the two values: the fair value of the asset transferred and the strike price of the option.

Financial liabilities

A financial liability is when the associated liability is discharged, canceled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability is recognized with the difference in the carrying amount recognized in profit or loss.

Taxation

Current income tax expenses are calculated in accordance with the legislation of the Republic of Uzbekistan.

Deferred tax assets and liabilities are calculated in respect of all temporary differences using the balance sheet liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, unless the deferred income tax arises from the initial recognition of goodwill, an asset or a liability in a transaction that does not represent a business combination and which, at the time of inception, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rates that will be applied during the period when the asset is realized or the liability is settled, based on the legislation that has entered into force or actually entered into force at the reporting date.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, unless the timing of the reversal of the temporary difference can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

In addition, the Republic of Uzbekistan has various operating taxes that apply to the activities of the Bank. These taxes are included in other operating expenses.

Property and equipment

Property and equipment are carried at historical cost, excluding day-to-day maintenance costs, less accumulated depreciation and accumulated impairment losses. This cost includes the costs associated with the replacement of equipment, which are recognized when incurred if they meet the recognition criteria.

The carrying amount of property and equipment is assessed for impairment when events or changes in circumstances occur that indicate that the carrying amount of the asset may not be recoverable.

(thousands of Uzbek soums)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**Property and equipment (continued)**

Depreciation of an object begins when it becomes available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives of assets:

	<i>Years</i>
Buildings	30–40
Furniture and accessories	5–13
Computers and office equipment	5–13
Vehicles	5

The residual values, useful lives and depreciation methods of assets are reviewed at the end of each reporting year and adjusted as necessary.

Repair and reconstruction costs are expensed when incurred and included in other operating expenses unless they qualify for capitalization.

Intangible assets

Intangible assets include software and licenses.

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets have a limited or unlimited useful life. Intangible assets with limited useful lives are amortized over their useful lives of 5 years or more and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The timing and procedure for amortization of intangible assets with an indefinite useful life are reviewed at least annually at the end of each reporting year.

Provisions

A provision is recognized, if because of a past event, the Bank has a legal or constructive obligation, the settlement of which is likely to require an outflow of resources embodying future economic benefits, and which can be estimated with a reasonable degree of reliability.

Obligations for pension payments and other employee benefits

The Bank has no additional pension plans other than participation in the state pension system of the Republic of Uzbekistan, which provides for the calculation of current employer contributions as a percentage of current total employee benefits. These expenses are reflected in the reporting period to which the relevant salary relates. In addition, the Bank does not pay significant post-employment benefits to employees.

Share capital*Share capital*

Ordinary shares and non-redeemable preference shares with rights to discretionary dividends are included in equity. Third party fees directly attributable to the issue of new shares, other than on a business combination, are recognized in equity as a deduction from the proceeds from the issue. Any excess of the fair value of consideration received over the par value of shares issued is recorded as additional equity.

Dividends

Dividends are recognized as a liability and deducted from equity at the balance sheet date only if they are declared before or on the reporting date. Information about dividends is disclosed in the financial statements if they were recommended before the reporting date, and also recommended or declared after the reporting date, but before the date when the financial statements were authorized for issue.

Contingencies

Contingent liabilities are not recognized in the statement of financial position and are disclosed in the financial statements, unless it is unlikely that an outflow of resources to settle them is probable. Contingent assets are not recognized in the statement of financial position and are disclosed in the financial statements when it is probable that the economic benefits associated with them will flow.

(thousands of Uzbek soums)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**Recognition of income and expenses**

Revenue is recognized if it is highly probable that the Bank will receive economic benefits and if revenue can be measured reliably. The following criteria must also be met for revenue to be recognized in the financial statements:

Interest and similar income and expenses

The Bank calculates interest income on debt financial assets measured at amortized cost or at FVOCI by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired financial assets. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where applicable, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate but exclude future credit losses. The carrying amount of a financial asset or financial liability is adjusted when the Bank revises estimate of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in the carrying amount is recognized as interest income or expense.

In the case of a financial asset that becomes credit-impaired, the Bank calculates interest income by applying the effective interest rate to the net amortized cost of that financial asset. If a financial asset clears default and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Bank calculates interest income using the credit risk-adjusted effective interest rate on the amortized cost of the financial asset. The effective interest rate, adjusted for credit risk, is the rate that, at initial recognition, discounts estimated future cash flows (including credit losses) to the amortized cost of the POCI of assets.

Interest income on all financial assets measured at FVPL is recognized using the contractual interest rate as part of 'Other interest income' in the statement of profit or loss.

Fee and commission income

The Bank earns fee and commission income from diverse range of services it provides to its customers. Fee income can be divided into the following three categories:

- *Fee and commission income received for the provision of services during a certain period of time.*

Commissions earned for providing services over a period of time accrue over that period as the related performance obligations are satisfied. Such items include fee and commission income and fees for asset management, custody and other management and advisory services. Commitment fees when the loan is likely to be drawn down and other loan origination fees are deferred (together with incremental costs) and recognized as an adjustment to the effective interest rate of the loan.

- *Fee and commission income from the provision of transaction services.*

Commissions received for negotiating or negotiating a transaction on behalf of a third party, for example where the Bank's performance obligation is to enter into an agreement to purchase shares or other securities, or to buy or sell businesses, are recognized upon completion of such transaction. Fees (or a portion of fees) associated with certain performance obligations are recognized when the relevant criteria are met. If the contract contains variable consideration, fee income is recognized only to the extent that it is highly probable that subsequent resolution of the uncertainty inherent in the variable consideration will not result in a significant reduction in the amount of cumulative revenue recognized.

Foreign currency conversion

The financial statements are presented in Uzbek soums, which is the Bank's functional and presentation currency. Transactions in foreign currencies are initially translated to the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the reporting date. Gains and losses arising from the translation of transactions in foreign currencies are recognized in the statement of profit or loss in the line item "Net gains on foreign currency transactions – Revaluation of currency items". Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rate of exchange ruling at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated at the rate of exchange ruling at the date the fair value was determined.

The difference between the contractual exchange rate for a foreign currency transaction and the official exchange rate of the Central Bank of the Republic of Uzbekistan on the date of such transaction is included in gains less losses on foreign currency transactions. As of December 31, 2024 and 2023 the official exchange rate of the Central Bank of the Republic of Uzbekistan was 12,920 soums and 12,339 soums for 1 US dollar, respectively.

(thousands of Uzbek soums)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**Standards that have been issued but not yet effective**

New and amended standards and interpretations that are issued but not yet effective are being assessed by the Bank to determine the impact on the financial statements. As explained above, this would include standards and amendments that would already be effective based on the new standard or amendment, but the local endorsement is still in progress or has resulted in a later effective date.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- ▶ A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- ▶ Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- ▶ Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- ▶ The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Bank is currently not intending to early adopt the Amendments.

With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Bank is currently performing an assessment of all material electronic payment systems utilised in the various jurisdictions it operates, in order to assess whether the amendments will result in a material change with respect to current practices and whether it meets the conditions to apply the accounting policy option to derecognise such financial liabilities before the settlement date. Moreover, the Bank is reviewing all its other payment systems (such as cheques, credit cards, debit cards) to ensure that the corresponding financial assets are derecognised when the right to cash flows are extinguished and that the corresponding financial liabilities are derecognised on settlement date.

In addition, the Bank is assessing the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the initial assessment performed, the amendments in these areas are not expected to have a material impact on the financial statements, however, the assessment is yet to be concluded.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as Good Bank, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

(thousands of Uzbek soums)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Estimation uncertainty

In the process of applying the Bank's accounting policies, management has used its judgment and estimates in determining the amounts recognized in the financial statements. The following are the most significant uses of judgments and estimates:

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities as reported in the statement of financial position cannot be determined based on prices in an active market, they are determined using various valuation models, including mathematical models. The inputs for such models are determined based on the observable market, if possible; otherwise, judgment is required to determine fair value. See *Note 25* for more information.

Impairment losses on financial assets

The assessment of impairment losses for all categories of financial assets requires the exercise of judgment, in particular, in determining ECL / impairment losses and assessing a significant increase in credit risk, it is necessary to estimate the amount and timing of future cash flows, and the value of collateral. These estimates depend on a number of factors, changes in which could result in different amounts of impairment allowances. In addition, large-scale business disruptions can lead to liquidity problems for some organizations and consumers.

A deterioration in the credit quality of loan portfolios and trade receivables could have a significant impact on the Bank's estimate of ECL. The Bank's ECL calculations are the result of complex models that include a number of basic assumptions about the choice of input variables and their interdependencies. Elements of ECL calculation models that are considered judgments and estimates include:

- ▶ The internal credit rating system used by the Bank to determine the Probability of Default (PD);
- ▶ The criteria used by the Bank to assess whether there has been a significant increase in credit risk such that the impairment allowance for financial assets should be measured at an amount equal to lifetime ECL and qualitative assessment;
- ▶ Grouping financial assets when ECLs are measured on a group basis;
- ▶ Development of models for calculating ECL, including various formulas and selection of initial data;
- ▶ Determining the relationship between macroeconomic scenarios and economic data, as well as the impact on the Probability of Default (PD), Value at Risk of Default (EAD) and Loss on Default (LGD) measures;
- ▶ Selecting forward-looking macroeconomic scenarios and weighting them with respect to probability to provide economic inputs for ECL estimation models.

The amount of the allowance recognized in the statement of financial position as of December 31, 2024 was 240,344,580 thousand soums (2023: 123,381,849 thousand soums). Detailed information is provided in *Notes 6, 7, 8, 9, 14*.

5. RECLASSIFICATION

In 2024, the Bank's management has revisited disclosure of subordinated loans that the Bank has received from customers as the new presentation is viewed to provide a better understanding of their nature to the users of the financial statements. Subordinated loans received previously disclosed within the "Amounts due to customers" (Note 17) were reclassified to "Subordinated loans" (Note 18). As a result of the reclassifications and for the purpose of consistency in presentation, the comparative information was revisited. In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" the above reclassifications were accounted retrospectively.

The effect of the adjustment made to the statement of financial position as of 31 December 2023 is as follows:

	Notes	As of 31 December 2023		
		As previously reported	Adjustments	As reclassified
Amounts due to customers	17	3,729,553,174	(41,290,000)	3,688,263,174
Subordinated loans		-	41,290,000	41,290,000
TOTAL LIABILITIES		3,795,076,136	-	3,795,076,136
TOTAL LIABILITIES AND EQUITY		4,244,236,278	-	4,244,236,278

(thousands of Uzbek soums)

5. RECLASSIFICATION (continued)

The effect of the adjustment made to the statement of profit or loss and other comprehensive income for the year ended 31 December 2023 is as follows:

	Notes	2023		
		As previously reported	Adjustments	As reclassified
Amounts due to customers	17	(627,778,279)	10,270,449	(617,507,830)
Subordinated loans		-	(10,270,449)	(10,270,449)
Interest expenses		(636,465,551)	-	(636,465,551)
Net interest income		447,886,038	-	447,886,038

The effect of the adjustment made to the statement of cashflows for the year ended 31 December 2023 is as follows:

	2023		
	As previously reported	Adjustments	As restated
Amounts due to customers	669,447,135	14,210,000	683,657,135
Net cash flows from operating activities before income tax	(340,223,071)	14,210,000	(326,013,071)
Net cash from / (used in) operating activities	(368,097,880)	14,210,000	(353,887,880)
Subordinated loans	-	(14,210,000)	(14,210,000)
Net cash from financing activities	96,199,264	(14,210,000)	81,989,264

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2024	2023
Current accounts with the Central Bank	811,736,941	351,581,690
Time deposits with credit institutions up to 90 days	114,115,000	51,307,740
Cash on hand	266,154,322	57,701,102
REPO	290,374,489	-
Current accounts with other credit institutions	774	60,783
Less: allowance for impairment	(1,376,742)	(298,033)
Cash and cash equivalents	1,481,004,784	460,353,282

During its normal course of business, the Bank borrows and lends securities and may also sell securities under agreements to repurchase (repos) and purchase securities under agreements to resell (reverse repos).

All balances of cash equivalents are allocated to Stage 1. An analysis of changes in the ECL allowances for 2024 and for 2023 is, as follows:

	2024	2023
ECL allowance at January 1	(298,033)	(275,259)
Changes in ECL	(1,078,709)	(22,774)
ECL allowance at December 31	(1,376,742)	(298,033)

7. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions include the following items:

	2024	2023
Obligatory reserve with the Central Bank	-	39,266,076
Restricted cash	29,507,866	31,599,259
Less: allowance for impairment	(2,844)	(851,570)
Amounts due from credit institutions	29,505,022	70,013,765

(thousands of Uzbek soums)

7. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

On 13 June 2024, the Board of the Central Bank of the Republic of Uzbekistan decided to reduce the mandatory reserve requirements for foreign currency deposits from 18% to 14% in order to create conditions for reducing interest rates on bank loans. Additionally, taking into account the current state of liquidity in banks, in order to ensure continuity of payments, the Central Bank of the Republic of Uzbekistan from 1 July 2024 decided to return funds previously withdrawn to mandatory reserve accounts to the Bank's correspondent accounts. In the medium term, measures will be taken to further improve reserve requirements for foreign currency liabilities, including a gradual expansion of the required reserve base in 2025-2030 and a corresponding reduction in standards.

Restricted cash represents balances on correspondent accounts with foreign banks placed by the Bank on behalf of its customers. The Bank does not have the right to use these funds for the purpose of funding its own activities. The Bank has received restricted deposits from these customers in the same amounts, which are recorded in customer accounts.

All balances with credit institutions are classified as Stage 1. The tables below provide an analysis of changes in the gross carrying amount and related ECL allowances for 2024 and 2023:

	2024	2023
Gross book value as of January 1	70,865,335	54,016,313
New assets originated or purchased	29,507,866	16,849,022
Assets repaid	(70,865,335)	-
As of December 31	29,507,866	70,865,335
	2024	2023
ECL allowance at January 1	(851,570)	(557,682)
New assets originated or purchased	(29,507)	(293,888)
Assets repaid	878,233	-
As of December 31	(2,844)	(851,570)

8. INVESTMENT SECURITIES

Investment securities include the following items:

	2024	2023
Debt securities measured at amortised cost		
Bonds of the Central Bank of Uzbekistan	193,673,375	-
Bonds of the Ministry of Finance of Republic of Uzbekistan	145,870,938	-
Less: allowance for impairment	(1,972,905)	-
Total investment securities	337,571,408	-

9. LOANS TO CUSTOMERS

Loans to customers include the following items:

	2024	2023
Consumer loans	5,318,109,274	2,750,366,468
Small business loans	1,212,678,774	270,970,925
Mortgage loans	275,793,549	5,597,736
Commercial loans	235,559,694	218,782,802
Total loans to customers measured at amortized cost	7,042,141,291	3,245,717,931
Less: allowance for impairment	(237,117,293)	(116,443,845)
Total loans to customers	6,805,023,998	3,129,274,086

(thousands of Uzbek soums)

9. LOANS TO CUSTOMERS (continued)**Allowance for impairment of loans to customers measured at amortized cost**

Below is an analysis of changes in gross carrying amount and related ECLs in the context of consumer lending for the year ended December 31, 2024:

<i>Consumer loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross book value as of January 1, 2024	2,461,459,524	102,465,037	186,441,907	2,750,366,468
New assets originated or purchased	4,141,166,572	–	–	4,141,166,572
Assets repaid	(1,333,420,081)	(50,554,543)	(122,380,080)	(1,506,354,704)
Transfers to Stage 1	56,354,294	(36,836,628)	(19,517,666)	–
Transfers to Stage 2	(229,240,132)	232,243,004	(3,002,872)	–
Transfers to Stage 3	(165,666,428)	(24,378,120)	190,044,548	–
Written-off loans	–	–	(67,069,062)	(67,069,062)
As of December 31, 2024	4,930,653,749	222,938,750	164,516,775	5,318,109,274

<i>Consumer loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as of January 1, 2024	27,204,301	15,716,761	68,784,115	111,705,177
New assets originated or purchased	206,701,416	–	–	206,701,416
Assets repaid	(7,642,897)	(5,254,638)	(39,858,565)	(52,756,100)
Transfers to Stage 1	124,431,481	(41,299,843)	(83,131,638)	–
Transfers to Stage 2	(112,311,196)	112,311,196	–	–
Transfers to Stage 3	(113,278,781)	(44,015,850)	157,294,631	–
Impact on period end ECL of exposures transferred between stages during the period	(12,581,941)	2,658,358	26,486,397	16,562,814
Net remeasurement of loss allowance	(3,574,530)	(283,311)	2,088,542	(1,769,299)
Written-off loans	–	–	(67,069,062)	(67,069,062)
As of December 31, 2024	108,947,853	39,832,673	64,594,420	213,374,946

Below is an analysis of changes in the gross carrying amount and related ECLs in the context of small business lending for the year ended December 31, 2024:

<i>Small business loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross book value as of January 1, 2024	265,911,137	73,698	4,986,090	270,970,925
New assets originated or purchased	1,111,085,122	–	–	1,111,085,122
Assets repaid	(166,493,210)	(1,126,255)	(5,809,147)	(173,428,612)
Transfers to Stage 1	21,044,147	–	(21,044,147)	–
Transfers to Stage 2	(32,864,549)	32,864,549	–	–
Transfers to Stage 3	(58,186,279)	–	58,186,279	–
Exchange rate difference	3,971,853	–	79,486	4,051,339
As of December 31, 2024	1,144,468,221	31,811,992	36,398,561	1,212,678,774

(thousands of Uzbek soums)

9. LOANS TO CUSTOMERS (continued)**Allowance for impairment of loans to customers measured at amortized cost (continued)**

Below is an analysis of changes in the gross carrying amount and related ECLs in the context of small business lending for the year ended December 31, 2024:

<i>Small business loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as of January 1, 2024	2,179,083	59	1,099,970	3,279,112
New assets originated or purchased	8,180,831	-	-	8,180,831
Assets repaid	(533,699)	(59)	(1,020,387)	(1,554,145)
Transfers to Stage 1	4,175,307	-	(4,175,307)	-
Transfers to Stage 2	(5,592,135)	5,592,135	-	-
Transfers to Stage 3	(4,166,845)	(4,142,024)	8,308,869	-
Impact on period end ECL of exposures transferred between stages during the period	(33,282)	310,798	685,366	962,882
Net remeasurement of loss allowance	(1,035,050)	-	(40,866)	(1,075,916)
Exchange rate difference	31,986	-	396	32,382
As of December 31, 2024	3,206,196	1,760,909	4,858,041	9,825,146

Below is an analysis of changes in the gross carrying amount and related ECLs in the context of mortgage financing for the year ended December 31, 2024:

<i>Mortgage loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross book value as of January 1, 2024	5,597,736	-	-	5,597,736
New assets originated or purchased	270,523,733	-	-	270,523,733
Assets repaid	(327,920)	-	-	(327,920)
As of December 31, 2024	275,793,549	-	-	275,793,549

<i>Mortgage loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as of January 1, 2024	14,614	-	-	14,614
New assets originated or purchased	12,234,638	-	-	12,234,638
Net remeasurement of loss allowance	151,905	-	-	151,905
As of December 31, 2024	12,401,157	-	-	12,401,157

Below is an analysis of changes in the gross carrying amount and related ECLs for commercial lending for the year ended December 31, 2024:

<i>Commercial loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross book value as of January 1, 2024	218,782,802	-	-	218,782,802
New assets originated or purchased	110,641,124	-	-	110,641,124
Assets repaid	(93,864,232)	-	-	(93,864,232)
Exchange rate difference	-	-	-	-
As of December 31, 2024	235,559,694	-	-	235,559,694

<i>Commercial loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as of January 1, 2024	1,444,942	-	-	1,444,942
New assets originated or purchased	560,380	-	-	560,380
Assets repaid	(489,278)	-	-	(489,278)
Net remeasurement of loss allowance	-	-	-	-
Exchange rate difference	-	-	-	-
As of December 31, 2024	1,516,044	-	-	1,516,044

(thousands of Uzbek soums)

9. LOANS TO CUSTOMERS (continued)**Allowance for impairment of loans to customers measured at amortized cost (continued)**

Below is an analysis of changes in gross carrying amount and related ECLs in the context of consumer lending for the year ended December 31, 2023:

<i>Consumer loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross book value as of January 1, 2023	1,911,426,916	56,288,040	55,105,921	2,022,820,877
New assets originated or purchased	2,099,947,319	–	–	2,099,947,319
Assets repaid	(1,269,151,370)	(34,036,298)	(69,214,060)	(1,372,401,728)
Transfers to Stage 1	30,740,105	(17,592,713)	(13,147,392)	–
Transfers to Stage 2	(118,306,023)	119,689,735	(1,383,712)	–
Transfers to Stage 3	(193,197,423)	(21,883,727)	215,081,150	–
Written-off loans	–	–	–	–
As of December 31, 2023	2,461,459,524	102,465,037	186,441,907	2,750,366,468

<i>Consumer loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as of January 1, 2023	32,012,254	8,762,603	22,128,409	62,903,266
New assets originated or purchased	76,651,712	–	–	76,651,712
Assets repaid	(8,387,308)	(1,473,893)	(8,793,548)	(18,654,749)
Transfers to Stage 1	7,897,613	(2,889,736)	(5,007,877)	–
Transfers to Stage 1	(14,461,842)	14,997,218	(535,376)	–
Transfers to Stage 1	(41,581,300)	(3,877,003)	45,458,303	–
Impact on period end ECL of exposures transferred between stages during the period	(7,781,072)	634,510	20,729,573	13,583,011
Net remeasurement of loss allowance	(17,145,756)	(436,938)	(5,195,369)	(22,778,063)
Written-off loans	–	–	–	–
As of December 31, 2023	27,204,301	15,716,761	68,784,115	111,705,177

Below is an analysis of changes in the gross carrying amount and related ECLs in the context of small business lending for the year ended December 31, 2023:

<i>Small business loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross book value as of January 1, 2023	76,113,648	1,210,719	246,830	77,571,197
New assets originated or purchased	228,054,155	–	–	228,054,155
Assets repaid	(34,664,309)	(959,107)	(590,153)	(36,213,569)
Transfers to Stage 2	(5,056,205)	5,056,205	–	–
Transfers to Stage 3	–	(5,234,119)	5,234,119	–
Exchange rate difference	1,463,848	–	95,294	1,559,142
As of December 31, 2023	265,911,137	73,698	4,986,090	270,970,925

<i>Small business loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as of January 1, 2023	545,665	12,074	79,195	636,934
New assets originated or purchased	2,438,777	–	–	2,438,777
Assets repaid	(99,616)	(10,621)	(79,195)	(189,432)
Transfers to Stage 2	(864,400)	864,400	–	–
Transfers to Stage 3	–	(865,794)	865,794	–
Impact on period end ECL of exposures transferred between stages during the period	–	–	234,176	234,176
Net remeasurement of loss allowance	150,903	–	(249)	150,654
Exchange rate difference	7,754	–	249	8,003
As of December 31, 2023	2,179,083	59	1,099,970	3,279,112

(thousands of Uzbek soums)

9. LOANS TO CUSTOMERS (continued)**Allowance for impairment of loans to customers measured at amortized cost (continued)**

Below is an analysis of changes in the gross carrying amount and related ECLs in the context of mortgage financing for the year ended December 31, 2023:

<i>Mortgage loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross book value as of January 1, 2023	5,879,340	–	–	5,879,340
Assets repaid	(281,604)	–	–	(281,604)
As of December 31, 2023	5,597,736	–	–	5,597,736

<i>Mortgage loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as of January 1, 2023	134,039	–	–	134,039
Net remeasurement of loss allowance	(119,425)	–	–	(119,425)
As of December 31, 2023	14,614	–	–	14,614

Below is an analysis of changes in the gross carrying amount and related ECLs for commercial lending for the year ended December 31, 2023:

<i>Commercial loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross book value as of January 1, 2023	74,508,346	–	–	74,508,346
New assets originated or purchased	150,350,934	–	–	150,350,934
Assets repaid	(6,076,478)	–	–	(6,076,478)
Exchange rate difference	–	–	–	–
As of December 31, 2023	218,782,802	–	–	218,782,802

<i>Commercial loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as of January 1, 2023	735,151	–	–	735,151
New assets originated or purchased	520,668	–	–	520,668
Assets repaid	(11,730)	–	–	(11,730)
Net remeasurement of loss allowance	200,853	–	–	200,853
Exchange rate difference	–	–	–	–
As of December 31, 2023	1,444,942	–	–	1,444,942

The table below shows the book value of loans issued to customers, broken down by types of collateral received by the Bank:

<i>December 31, 2024</i>	<i>Consumer loans</i>	<i>Small business loans</i>	<i>Commercial loans</i>	<i>Mortgage financing</i>	<i>Total</i>
Loans provided with:					
Property rights	3,802,426,377	–	–	–	3,802,426,377
Means of transport	1,351,440,917	569,722,654	18,330,506	–	1,939,494,077
Insurance policy	92,615,073	366,353,609	195,584,594	8,992,269	663,545,545
Real estate	71,626,907	246,957,624	21,644,594	266,801,280	607,030,405
Cash deposit	–	29,557,147	–	–	29,557,147
Inventory	–	87,740	–	–	87,740
Total Loans to customers (gross value)	5,318,109,274	1,212,678,774	235,559,694	275,793,549	7,042,141,291

(thousands of Uzbek soums)

9. LOANS TO CUSTOMERS (continued)**Allowance for impairment of loans to customers measured at amortized cost (continued)**

December 31, 2023	Consumer loans	Small business loans	Commercial loans	Mortgage financing	Total
Loans provided with:					
Property rights	1,710,944,582	–	–	–	1,710,944,582
Means of transport	1,001,030,338	27,121,645	98,219,349	–	1,126,371,332
Insurance policy	10,783,952	81,901,717	118,877,203	4,832,188	216,395,060
Real estate	27,607,596	151,454,326	1,686,250	765,548	181,513,720
Inventory	–	10,154,959	–	–	10,154,959
Cash deposit	–	338,278	–	–	338,278
Total Loans to customers (gross value)	2,750,366,468	270,970,925	218,782,802	5,597,736	3,245,717,931

In the absence of collateral or other mechanisms to increase creditworthiness, the provision for loans to customers at Stage 3 as of December 31, 2024 and December 31, 2023 was higher by:

	2024	2023
Consumer loans	104,812,193	46,655,707
Small business loans	31,932,432	1,020,774
Commercial loans	–	–
Mortgage financing	–	–
Total loans to customers	136,744,625	47,676,481

Concentration of loans to customers

As of December 31, 2024, the concentration of loans issued by the Bank to the ten largest independent parties was 489,991,221 thousand soums (7% of total loan portfolio) (2023: 387,988,344 thousand soums (12% of total loan portfolio). (An allowance of 12,881,358 thousand soums was created for these loans (2023: 3,113,511 thousand soums).

The structure of the loan portfolio by types of customers is presented as follows:

	2024	2023
Individuals	6,209,277,135	2,755,836,841
Private companies	832,864,156	489,881,090
	7,042,141,291	3,245,717,931

Loans are issued to customers in the Republic of Uzbekistan operating in the following sectors of the economy:

	2024	2023
Individuals	6,209,277,135	2,755,836,841
Trade enterprises	231,548,666	150,680,042
Service sector	207,590,498	120,618,719
Production	124,095,571	120,563,453
Microfinancing	177,413,841	44,208,167
Construction	61,201,799	35,153,377
Agriculture and food industry	7,551,771	966,163
Other	23,462,010	17,691,169
	7,042,141,291	3,245,717,931

(thousands of Uzbek soums)

10. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Below is the movement by item of property and equipment:

	<i>Buildings</i>	<i>Furniture and accessories</i>	<i>Computers and office equipment</i>	<i>Vehicles</i>	<i>CIP</i>	<i>Right-of-use assets</i> <i>Buildings</i>	<i>Total</i>
Cost							
As at 1 January, 2023	76,835,601	14,948,578	52,229,712	9,193,828	-	-	153,207,719
Additions	17,632,407	9,519,903	14,386,870	4,118,480	-	12,433,675	58,091,335
Disposals	-	-	-	(87,884)	-	-	(87,884)
As at 31 December, 2023	94,468,008	24,468,481	66,616,582	13,224,424	-	12,433,675	211,211,170
Additions	-	2,946,155	6,532,793	-	2,184,119	5,764,477	17,427,544
Disposals	-	-	-	-	-	-	-
As at 31 December, 2024	94,468,008	27,414,636	73,149,375	13,224,424	2,184,119	18,198,152	228,638,714
Accumulated depreciation							
As at 1 January, 2023	(5,364,662)	(6,459,232)	(10,576,374)	(1,642,283)	-	-	(24,042,551)
Depreciation	(4,522,390)	(4,733,370)	(12,640,229)	(2,230,805)	-	(2,304,815)	(26,431,609)
Disposals	-	-	-	38,083	-	-	38,083
As at 31 December, 2023	(9,887,052)	(11,192,602)	(23,216,603)	(3,835,005)	-	(2,304,815)	(50,436,077)
Depreciation	(4,724,740)	(6,310,270)	(13,370,790)	(2,644,883)	-	(4,368,642)	(31,419,325)
Disposals	-	-	-	-	-	-	-
As at 31 December, 2024	(14,611,792)	(17,502,872)	(36,587,393)	(6,479,888)	-	(6,673,457)	(81,855,402)
Net book value							
31.12.2023	84,580,956	13,275,879	43,399,979	9,389,419	-	10,128,860	160,775,093
31.12.2024	79,856,216	9,911,764	36,561,982	6,744,536	2,184,119	11,524,695	146,783,312

11. INTANGIBLE ASSETS

Below is the movement by item of intangible assets:

	<i>Software</i>	<i>Total</i>
Cost		
As at January 1, 2023	120,267,388	120,267,388
Additions	146,847,976	146,847,976
Disposal	-	-
As at December 31, 2023	267,115,364	267,115,364
Additions	208,370,000	208,370,000
Disposal	(754,311)	(754,311)
As at December 31, 2024	474,731,053	474,731,053
Accumulated depreciation		
As at January 1, 2023	(14,773,669)	(14,773,669)
Amortization charge	(25,064,979)	(25,064,979)
Disposals	-	-
As at December 31, 2023	(39,838,648)	(39,838,648)
Amortization charge	(49,098,826)	(49,098,826)
Disposals	106,941	106,941
As at December 31, 2024	(88,830,533)	(88,830,533)
Net book value		
As at December 31, 2023	227,276,716	227,276,716
As at December 31, 2024	385,900,520	385,900,520

(thousands of Uzbek soums)

12. TAXATION

Income tax expense is represented by the following items:

	2024	2023
Current tax charge	48,587,745	23,750,855
Deferred tax credit – origination and reversal of temporary differences	(15,819,434)	(8,860,205)
Income tax benefit	32,768,311	14,890,650

The effective income tax rate differs from the statutory income tax rate. Below is a reconciliation of income tax expense calculated at the statutory rate with actual income tax expense:

	2024	2023
Profit before tax	146,012,568	94,975,757
Statutory tax rate	20%	20%
Theoretical income tax benefit at the statutory tax rate	29,202,514	18,995,152
Non-taxable income	(6,135,574)	(7,743,425)
Non-deductible expenses	9,701,371	3,638,923
Income tax expense	32,768,311	14,890,650

Deferred tax assets and liabilities as of December 31 and their movements for the respective years comprise the following items:

	January 1, 2023	Origination and reversal of temporary differences In the profit or loss statement	December 31, 2023	Origination and reversal of temporary differences In the profit or loss statement	December 31, 2024
Tax effect of deductible temporary differences					
Loans to customers	12,328,527	7,673,365	20,001,892	16,991,642	36,993,534
Other liabilities	1,115,658	715,994	1,831,652	(738,299)	1,093,353
Other assets	(294,789)	359,152	64,363	(1,394,583)	(1,330,220)
Property and equipment	310,752	–	310,752	91,600	402,352
Intangible assets	43,554	–	43,554	–	43,554
Amounts due from credit institutions	166,588	3,011	169,599	(169,405)	194
Debt instruments at amortised cost	–	–	–	394,581	394,581
Lease liabilities	–	2,074,848	2,074,848	397,937	2,472,785
Amounts due to customers	–	–	–	309,385	309,385
Right-of-use assets	–	(2,025,772)	(2,025,772)	(279,167)	(2,304,939)
Cash and cash equivalents	–	59,607	59,607	215,743	275,350
Deferred tax assets, gross	13,670,290	8,860,205	22,530,495	15,819,434	38,349,929
Unrecognized tax loss	–	–	–	–	–
Deferred tax asset	13,670,290	8,860,205	22,530,495	15,819,434	38,349,929

13. CREDIT LOSS EXPENSE

The table below shows the ECL expense for financial instruments recognized in the statement of profit or loss for the year ended December 31, 2024:

	Note	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	6	1,078,709	–	–	1,078,709
Amounts due from credit institutions	7	(848,726)	–	–	(848,726)
Debt instruments at amortised cost		1,972,905	–	–	1,972,905
Other financial assets	14	155,099	–	–	155,099
Loans to customers measured at amortized cost	9	95,228,310	25,876,762	66,637,438	187,742,510
Undrawn loan commitments	14	(4,525,573)	(477,383)	–	(5,002,956)
Total credit loss expense		93,060,724	25,399,379	66,637,438	185,097,541

The table below shows the ECL expense for financial instruments recognized in the statement of profit or loss for the year ended December 31, 2023:

	Note	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	6	22,774	–	–	22,774
Amounts due from credit institutions	7	293,888	–	–	293,888
Other financial assets	14	252,570	–	–	252,570
Loans to customers measured at amortized cost	9	46,425,758	(1,286,941)	6,895,638	52,034,455
Undrawn loan commitments	14	2,814,828	193,007	–	3,007,835
Total credit loss expense		49,809,818	(1,093,934)	6,895,638	55,611,522

(thousands of Uzbek soums)

14. OTHER ASSETS AND LIABILITIES

Other assets include the following items:

	2024	2023
Other financial assets		
Commission receivable as an insurance agent	41,237,974	15,208,867
Commission income receivable	916,096	510,816
Other receivables	4,858,478	823,048
Other financial assets	47,012,548	16,542,731
Less: allowance for impairment	(407,669)	(252,570)
Total other financial assets	46,604,879	16,290,161
Other non-financial assets		
Prepayments	422,578,568	142,413,903
Low value and short life assets at warehouse	20,228,128	10,615,821
Other non-financial assets	410,850	569,001
Total other non-financial assets	443,217,546	153,598,725
Total other assets	489,822,425	169,888,886

Other liabilities include the following items:

	2024	2023
Other financial liabilities		
Settlements for the purchase of goods and services	24,334,058	38,224,948
Other financial liabilities	24,334,058	38,224,948
Allowance for contingent credit related commitments	532,875	5,535,831
Total other financial liabilities	24,866,933	43,760,779
Other non-financial liabilities		
Taxes payable, other than income tax	3,861,320	7,239,993
Payable to employees	5,745,576	3,759,904
Other non-financial liabilities	6,390	138,614
Total other non-financial liabilities	9,613,286	11,138,511
Total other liabilities	34,480,219	54,899,290

15. LEASE LIABILITY

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024	2023
As at 1 January	10,374,242	-
Additions	5,663,380	12,433,675
Accretion of interest	2,655,159	741,303
Payments	(6,328,856)	(2,800,736)
As at 31 December	12,363,925	10,374,242

16. AMOUNTS DUE TO CREDIT INSTITUTIONS

	2024	2023
Short-term deposits of local banks	4,500,000	249,430
Total funds of credit institutions	4,500,000	249,430

(thousands of Uzbek soums)

17. AMOUNTS DUE TO CUSTOMERS

The amounts due to customers include the following:

	2024	2023 (reclassified)
Term deposits	7,903,485,316	3,386,391,278
Current accounts	839,040,886	301,871,896
Amount due to customers	8,742,526,202	3,688,263,174

As of December 31, 2024, amounts due to customers in the amount of 1,974,183,491 thousand soums (22.6%) were due to the ten largest customers (2023: 571,201,252 thousand soums (16.4%). Of these, customer accounts in the amount of 429,300,000 thousand soums (4.91%) and 385,853,866 thousand soums (4.41%) represented the funds of the two largest customers (2023: 125,983,912 thousand soums (3.3%) and 104,178,853 thousand soums (2.7%) respectively).

Term deposits include deposits of individuals in the amount of 5,883,469,467 thousand soums (2023: 2,801,071,010 thousand soums). In accordance with the Civil Code of the Republic of Uzbekistan, the Bank is obliged to issue the amount of such a deposit 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.

Amounts due to customers include accounts with the following types of customers:

	2024	2023 (reclassified)
Individuals	5,883,469,467	2,801,071,010
Private organizations	1,682,796,129	569,672,640
State and budget organizations	1,109,387,786	272,566,895
Non-governmental non-profit organizations	66,872,820	44,952,629
Amounts due to customers	8,742,526,202	3,688,263,174

An analysis of customer accounts by economic sector follows:

	2024	2023
Individuals	5,883,469,468	2,801,071,010
State organizations	530,973,443	55,138,807
Trade	472,906,017	64,467,204
Production	412,279,536	386,084,387
Construction	370,484,116	37,091,405
Service	341,408,700	118,326,650
Insurance	100,500,325	109,819,770
Software engineering	55,364,598	17,896,882
Transport and communications	29,484,148	582,470
Research and education	25,695,927	27,652,523
Agriculture	16,355,376	780,739
Consulting services	9,960,541	158,871
Healthcare	6,673,376	1,306,068
Financing	6,195,523	7,422,814
Other	480,775,108	60,463,574
Amounts due to customers	8,742,526,202	3,688,263,174

18. SUBORDINATED LOANS

	2024	2023
Humo Sug'urta JSC	30,000,000	–
Kapital Sug'urta JSC	24,500,000	24,500,000
Microcalcite Ltd	20,170,000	–
Omad Sug'urta JSC	20,000,000	–
Export-Import Insurance Company "Uzbekinvest" JSC	10,000,000	10,000,000
Temiryo'l-Sug'urta JSC	2,000,000	2,000,000
Semurg Insurance JSC	1,500,000	1,500,000
Sayohat-Sari Ltd	1,000,000	1,000,000
Healthy Life System JSC	1,000,000	1,000,000
Iwagami Investment Ltd	790,000	790,000
Xalq Sug'urta JSC	500,000	500,000
Total funds of subordinated loans	111,460,000	41,290,000

In the event of liquidation, subordinated loans have priority only after the claims of all other creditors have been satisfied.

(thousands of Uzbek soums)

19. EQUITY

Movements in shares outstanding, issued and fully paid were as follows:

	Number of Shares		Face value (in Uzbek soums)	
	Ordinary	Preferred	Ordinary	Total
As of 31 December 2022	301,000,000	–	1,000	301,000,000,000
Share capital increase	99,000,000	–	1,000	99,000,000,000
As of 31 December 2023	400,000,000	–	1,000	400,000,000,000
Share capital increase	165,000,000	165,000,000	1,000	330,000,000,000
As of 31 December 2024	565,000,000	165,000,000	1,000	730,000,000,000

The total number of ordinary shares declared is 565,000,000 (2023: 400,000,000). The total number of preferred shares declared is 165,000,000 (2023: 0). The nominal value of each share is 1,000 soums.

The share capital of the Bank was formed from the contributions of shareholders in Uzbek soums, while the shareholders are entitled to receive dividends.

20. COMMITMENTS AND CONTINGENCIES**Operating environment**

The economy of Uzbekistan demonstrates the characteristics of an emerging market, including, among other things, a currency that is not freely convertible outside the country, and a low level of liquidity in debt and stock markets. In addition, the banking sector in Uzbekistan is particularly affected by local political, legislative, fiscal and regulatory changes.

Economic stability in Uzbekistan largely depends on the effectiveness of economic measures taken by the Government, as well as on other legal, regulatory and political changes that are beyond the Bank's control.

The Bank's financial position and results of operations will continue to be affected by future political and economic developments in Uzbekistan, including the application and interpretation of current and future legislation and tax rules, which have a major impact on the financial markets of Uzbekistan and the economy as a whole.

The Bank's management monitors changes in the current situation and takes measures that it considers necessary to support the sustainability and development of the Bank's business in the foreseeable future. However, the impact of further economic events on the Bank's future operations and financial position is difficult to determine at this stage. As of December 31, 2024, the Bank conducted stress testing, changing key economic variables. The results of stress testing indicate a deterioration in the financial performance of the Bank (a decrease in assets, equity, interest income, an increase in reserves for expected credit losses). At the same time, given that the Bank has sufficient equity and liquid assets, a significant deterioration in the financial position of the Bank and violations of regulatory requirements and norms are not predicted.

The impact of domestic political and geopolitical events in the world

Many countries have imposed and continue to impose new sanctions against certain Russian legal entities and individuals. Sanctions were also imposed on Belarus.

The situation, along with potential fluctuations in commodity prices, foreign exchange rates, import and export restrictions, availability of local materials and services and access to local resources, will have a direct impact on enterprises that conduct significant activities or are at risk in Russia, Belarus or Ukraine. However, the consequences of the current situation may directly or indirectly affect not only companies that are directly related to the countries participating in the conflict.

In terms of country risk management, the Bank controls transactions with counterparties within the established limits, which are regularly reviewed.

Business conditions

Economic reforms and the development of legal, tax and administrative infrastructure that would meet the requirements of a market economy are continuing in Uzbekistan. The stability of the Uzbek economy in the future will largely depend on the progress of these reforms, as well as on the effectiveness of the measures taken by the government in the field of economy, financial and monetary policy.

Legal

In the normal course of business, the Bank is subject to lawsuits and claims. Management believes that the potential liabilities, if any, arising from such actions or claims will not have a material adverse effect on the Bank's financial position or performance in the future.

(thousands of Uzbek soums)

20. COMMITMENTS AND CONTINGENCIES (continued)**Taxation**

A number of provisions of the current Uzbek tax, currency and customs legislation are formulated insufficiently clearly and unambiguously, which often leads to their different interpretation (which, in particular, can be applied to legal relations in the past), selective and inconsistent application, as well as frequent and infrequent in some cases, unpredictable changes. The interpretation of this legislation by the Bank's management as applied to the operations and activities of the Bank may be challenged by the relevant authorities.

Tax returns and other legal obligations (for example, customs and foreign exchange issues) are subject to review and assessment by a number of agencies that are legally entitled to impose significant administrative penalties (including fines and penalties). This situation creates a greater likelihood of tax risks in the Republic of Uzbekistan than, for example, in other countries with more developed taxation systems. The Bank's management believes that the Bank generally complies with all provisions of the tax legislation that affect its activities, however, the relevant tax authorities may take a different position with respect to controversial issues.

As of December 31, 2024, the Bank's management believes that its interpretation of the applicable laws is reasonable and that the Bank's position on tax, currency and customs matters will be supported.

Commitments and contingencies

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees and other commitments to lend. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Bank.

Guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the provision of services. Guarantees carry a similar credit risk to loans.

As of December 31, the Bank's commitments and contingencies included the following:

	2024	2023
Credit related commitments		
Financial guarantees	77,941,855	–
Undrawn loan commitments	154,581,570	527,201,099
Commitments and contingencies	232,523,425	527,201,099

ECL allowances for financial guarantees and loan commitments (532,875) (5,535,831)

Credit related commitment balances are categorized under Stage 1, 2, 3. The tables below provide an analysis of changes in ECL allowances for 2024 and 2023:

Guarantees and loan commitments	2024	2023
ECL allowance as of January 1	5,535,831	2,527,996
Change in exposures	(5,002,956)	3,007,835
As of December 31	532,875	5,535,831

(thousands of Uzbek soums)

21. NET INTEREST INCOME

Net interest income includes the following items:

	2024	2023
Financial assets at amortized costs		
Loans to customers	1,778,206,525	1,029,514,611
Amounts due from credit institutions	11,587,623	15,699,969
Investment securities	43,386,697	38,717,123
Other interest income	101,098	419,886
Total Interest revenue	1,833,281,943	1,084,351,589
Amounts due to customers	(1,116,886,449)	(617,507,830)
Amounts due to credit institutions	(7,422,394)	(7,945,969)
Subordinated loans	(18,060,530)	(10,270,449)
Interest expense on lease liabilities	(2,655,159)	(741,303)
Interest expenses	(1,145,024,532)	(636,465,551)
Net interest income	688,257,411	447,886,038

22. NET FEE AND COMMISSION INCOME

Net fee and commission income includes the following items:

	2024	2023
Settlement transactions	180,254,448	111,549,609
Other	6,172,325	3,026,862
Fee and commission income	186,426,773	114,576,471
Processing operations	(68,813,932)	(54,773,280)
Settlement transactions	(31,258,506)	(19,198,904)
Other	(5,333,302)	(862,343)
Fee and commission expense	(105,405,740)	(74,834,527)
Net fee and commission income	81,021,033	39,741,944

23. PERSONNEL AND OTHER OPERATING EXPENSES

Personnel and other operating expenses comprise the following items:

	2024	2023
Salary and bonuses	194,009,078	116,464,830
Social security contributions	39,631,839	30,378,770
Personnel expenses	233,640,917	146,843,600
Marketing and advertising	52,985,806	55,664,612
Membership fee	51,162,446	22,091,076
Insurance	45,005,909	31,265,012
Technical support	29,334,780	17,733,602
Communication services	10,585,068	6,934,958
Legal and consultancy	9,132,461	14,723,879
Operating taxes	7,859,974	4,722,672
Security services	7,194,212	3,029,201
Repair and maintenance	6,478,390	6,057,411
Representation expenses	2,803,262	7,165,839
Occupancy and rent	2,554,557	3,300,168
Utilities	1,561,522	665,125
Travel and related expenses	1,470,975	925,874
Office tools	1,415,641	3,455,852
Charity and Sponsorship	500,000	1,500,000
Fuel costs	356,137	301,553
Fare	210,548	176,222
Penalties	95,380	339,528
Other	862,230	472,144
Other operating expenses	231,569,298	180,524,728

(thousands of Uzbek soums)

24. RISK MANAGEMENT

Introduction

The Bank's activities are inherently risky. The Bank manages risks through an ongoing process of identification, assessment and monitoring, as well as through the establishment of risk limits and other internal control measures. The risk management process is critical to maintaining the Bank's continuing profitability, and each individual employee of the Bank is responsible for the risks associated with his or her duties. The Bank is exposed to credit risk, liquidity risk and market risk, which in turn is subdivided into trading risk and non-trading risk. The Bank is also exposed to operational risks.

The independent risk control process does not address business risks such as changes in the environment, technology or industry. Such risks are controlled by the Bank during the strategic planning process.

Risk management structure

The Supervisory Board has overall responsibility for identifying and controlling risks, but there are also separate independent bodies that are responsible for managing and controlling risks.

Supervisory Board

The Supervisory Board is responsible for the overall approach to risk management, for approving the risk management strategy and principles.

Management Board

The Management Board's responsibility is to oversee the Bank's risk management process.

Risk Committee

The risk management unit is responsible for the implementation and implementation of procedures related to risk management in order to ensure an independent process of monitoring the existence and functioning of the adequacy of the risk management system in the bank, analyzing the risks of improving and strengthening the risk management system.

Management of risks

The risk management unit is responsible for implementing and maintaining procedures related to risk management in order to ensure an independent control process.

Bank Treasury

The Bank's Treasury is responsible for managing the Bank's assets and liabilities and the overall financial structure. The Treasury is also primarily responsible for the Bank's liquidity and financing risk. Development of proposals for optimizing the structure of the bank's assets and liabilities, ensuring the optimal return on assets in combination with their liquidity and attractiveness for depositors and users of the bank's resources.

Internal audit

The Bank's risk management processes are annually audited by the Internal Audit Department, which checks both the sufficiency of the procedures and the Bank's compliance with these procedures. The Internal Audit Department discusses the results of the audits conducted with management and presents its findings and recommendations to the Audit Committee.

Risk assessment and risk communication systems

The Bank's risks are measured using a method that reflects both the expected loss that is likely to occur in the normal course of business and unexpected losses, which are an estimate of the largest actual losses based on statistical models. The models use probabilities derived from past experience and adjusted to reflect the economic conditions. The Bank also runs "worst case scenarios" that would arise in the event of events that are considered unlikely to occur, in fact occur.

Risk monitoring and control is mainly based on the limits set by the Bank. Such limits reflect the business strategy and market conditions in which the Bank operates, as well as the level of risk the Bank is willing to accept, with particular attention to specific industries. In addition, the Bank monitors and evaluates its overall risk bearing capacity in relation to its aggregate exposure to all types of risks and transactions.

(thousands of Uzbek soums)

24. RISK MANAGEMENT (continued)**Introduction (continued)**

Information received from all types of activities is studied and processed for the purpose of analysis, control and early detection of risks. The specified information is submitted with explanations to the Management Board, the Risk Committee and the heads of each of the divisions. The report contains information on the total amount of credit risk, forecast credit ratios, exceptions to the established risk limits, risk-adjusted value, liquidity ratios and changes in the level of risk. Information is provided on monthly basis on risks by industry, customer and geographic region. On a quarterly basis, senior management determines whether an allowance for expected credit losses is required. The Supervisory Board receives a detailed risk report on a quarterly basis, which contains all the information necessary to assess the Bank's risks and make appropriate decisions.

A variety of risk reports are prepared for all levels of the Bank and distributed to ensure that all departments of the Bank have access to extensive, relevant and up-to-date information.

A brief meeting of the Management Board and other employees of the Bank is held daily to discuss the maintenance of established limits, analyze the value for the risk of the investment, liquidity, and changes in the level of risk.

Risk mitigation

The Bank actively uses collateral to mitigate its credit risk (see below for more details).

Excessive risk concentrations

Concentrations of risk arise when a number of counterparties carry out similar activities, or their activities are located in the same geographical area, or the counterparties have similar economic characteristics, and as a result of changes in economic, political and other conditions have a similar effect on the ability of these counterparties to fulfill contractual obligations. Risk concentrations reflect the relative sensitivity of the Bank's results of operations to changes in conditions that affect a particular industry or geographic region.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific principles aimed at maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk

Credit risk is the risk that the Bank will incur losses because its customers or counterparties fail to meet their contractual obligations. The Bank manages credit risk by setting the maximum amount of risk that the Bank is ready to accept for individual counterparties, geographic or sectoral concentrations of risk, as well as by monitoring compliance with established risk limits.

The Bank has developed a credit review process to ensure early detection of possible changes in the creditworthiness of counterparties, including periodic review of collateral. Counterparty limits are determined using a credit risk classification system that assigns a credit rating to each counterparty. The ratings are reviewed regularly. The credit quality review procedure allows the Bank to assess the potential losses on the risks to which it is exposed and take the necessary measures.

Impairment assessment

The Bank calculates ECL based on several probability-weighted scenarios to estimate expected cash shortfalls, which are discounted using the effective interest rate or its approximation. The cash shortfall is the difference between the cash flows due to the entity under the contract and the cash flows that the entity expects to receive. The mechanics of calculating ECL are described below, and the main elements are as follows:

Probability of default (PD)	<i>Probability of default</i> is an estimate of the probability of a default occurring over a given time period. Default can only occur at a point in time during the period under review if the asset has not been derecognized and it is still part of the portfolio.
Exposure at default (EAD)	<i>Exposure at default</i> is an estimate of the amount at risk of default at some future date, taking into account expected changes in that amount after the reporting date, including contractual or otherwise repayments of principal and interest, expected repayments of loans issued and interest accrued as a result of late payments.
Loss given default (LGD)	<i>Loss given default</i> is an estimate of the loss that would arise if a default were to occur at a particular point in time. This indicator is calculated based on the difference between the cash flows stipulated by the contract and those cash flows that the lender expects to receive, including as a result of the sale of collateral. Usually expressed as a percentage of EAD.

(thousands of Uzbek soums)

24. RISK MANAGEMENT (continued)**Credit risk (continued)**

The allowance for ECL is calculated based on credit losses expected to occur over the life of the asset (lifetime expected credit losses or lifetime ECL) if there has been a significant increase in credit risk since initial recognition, otherwise the allowance is calculated at an amount equal to 12-month expected credit losses (12-month ECL). 12-month ECL is the portion of lifetime ECL that is the ECL that arises from defaults on a financial instrument that are possible within 12 months after the reporting date. Lifetime ECL and 12-month ECL are calculated either on an individual basis or on a group basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has developed a policy to assess at the end of each reporting period whether there has been a significant increase in the credit risk of a financial instrument since initial recognition by taking into account changes in the risk of a default occurring over the remaining life of the financial instrument. Based on the process described above, the Bank groups its loans into the following groups:

- Stage 1: On initial recognition of a loan, the Bank recognizes an allowance equal to 12-month ECLs. Stage 1 also includes loans and other credit lines that have decreased in credit risk to the extent that they have been transferred out of Stage 2.
- Stage 2: If the credit risk on a loan has increased significantly since initial recognition, the Bank recognizes an allowance equal to lifetime ECL. Stage 2 also includes loans and other credit lines that have decreased in credit risk to the extent that they have been transferred out of Stage 3.
- Stage 3: Loans that are credit-impaired. The Bank recognizes a valuation allowance at an amount equal to lifetime ECL.
- POCI: Purchased or originated credit-impaired (CLI) assets are financial assets that were credit-impaired at the time of initial recognition. On initial recognition of POCI, assets are measured at fair value and interest revenue is subsequently recognized using the credit-adjusted effective interest rate. An ECL allowance is recognized or derecognized only to the extent that there has been a subsequent change in lifetime expected credit losses.

Definition of default and recovery

The Bank considers that a financial instrument has defaulted and therefore classifies it as Stage 3 (credit-impaired) for the purposes of calculating ECL whenever the borrower is more than 90 days past due on contractual payments. The Bank considers that a default has occurred in relation to funds in banks and takes immediate measures to eliminate it if, at the close of the business day, the necessary intraday payments specified in separate agreements have not been made.

As part of its qualitative assessment of whether a customer is in default, the Bank also considers a number of events that may indicate that payment is unlikely. These events include the following:

- ▶ The presence of a default rating;
- ▶ Forced restructuring over the last year;
- ▶ Introduction of a moratorium on satisfaction of creditors' claims;
- ▶ Decision-making on the implementation of financial rehabilitation and/or bankruptcy prevention measures (reorganization);
- ▶ Revocation of the license to carry out operations.

In accordance with the Bank's policy, financial instruments are considered "cured" and, therefore, are transferred from Stage 3 when they no longer meet the default criteria. The decision as to whether a financial instrument should be classified in Stage 2 or Stage 1 if it "recovers" depends on whether there are signs of an increase in credit risk at the reporting date.

Treasury and interbank relations

The Bank's treasury and interbank relationships include relationships with counterparties such as financial services providers, banks, broker-dealers, exchanges and clearing houses. To assess such relationships, the Bank's credit risk department analyzes publicly available information, such as financial statements, and data from other external sources, such as external ratings, and assigns an appropriate probability of default value.

(thousands of Uzbek soums)

24. RISK MANAGEMENT (continued)**Credit risk (continued)***Commercial and small business lending*

In the case of commercial lending due to the lack of internal statistics on defaults in the Bank, the reserve is estimated based on the probabilities of default obtained using the approach for low-default portfolios, as well as taking into account macroeconomic forecast information.

Customer credit

Consumer lending includes secured loans to individuals, credit cards and overdrafts. The provision for these products is estimated based on the default probabilities obtained by constructing migration matrices. Migration matrices are built in the context of products based on the historical data of the Bank's consumer loan portfolio. Segment credit risk assessment also takes into account macroeconomic forecasts.

The table below shows the average probability of default on loans to customers as of 31 December 2024 by class:

Rating	Car loans	Installment cards	Commercial loans	Consumer loans
1	4.81%	4.28%	2.16%	7.22%
2 Standard rating	10.33%	12.21%	5.40%	14.62%
3	57.47%	59.24%	23.43%	44.83%
4 Below standard rating	59.25%	59.69%	32.85%	45.53%
5 Impaired	100.00%	100.00%	100.00%	100.00%

The table below shows the average probability of default on loans to customers as of 31 December 2023 by class:

Rating	Car loans	Installment cards	Commercial loans	Consumer loans
1	5.1%	3.9%	2.8%	5.5%
2 Standard rating	15.9%	16.4%	–	21.0%
3	41.9%	44.9%	–	44.3%
4 Below standard rating	71.3%	67.7%	–	64.2%
5 Impaired	100.0%	100.0%	100.0%	100.0%

Exposure at default

Exposure at risk of default (EAD) is the gross carrying amount of financial instruments that are assessed for impairment. For lines of credit and credit cards, EAD includes the ability for a customer to increase debt as default approaches. In calculating EAD for Stage 1 loans, the Bank takes into account the probability of a default occurring within 12 months after the reporting date. For Stage 2, Stage 3 and POCI financial assets, the possibility of default occurring over the life of the instrument is taken into account.

Loss given default

In the case of commercial lending, the Loss given default (LGD) indicator is calculated taking into account the value of collateral for each instrument and is updated on each provisioning date. The LGD reflects the expected EAD compared to the amounts expected to be recovered or realized from the sale of the collateral held.

Significant increase in credit risk

The Bank constantly reviews all assets for which ECLs are calculated. To determine the amount of impairment allowance required for an instrument or portfolio of instruments, the Bank considers whether there has been a significant increase in credit risk on that instrument or portfolio of instruments since initial recognition. The Bank considers that the credit risk on a financial instrument has increased significantly since initial recognition when the instrument meets the relevant criteria:

For commercial and consumer lending

- ▶ Availability as of the reporting date of overdue debt to the Bank on principal and/or interest, as well as other payments stipulated by the agreement, for a period of 31 to 90 days;
- ▶ The presence of restructuring associated with the deterioration of the financial position of the counterparty (but not forced), for the year.

(thousands of Uzbek soums)

24. RISK MANAGEMENT (continued)

Credit risk (continued)

For treasury and interbank relations

- ▶ Downgrading of the borrower's external rating at the reporting date by 3 or more notches from the rating at the date of initial recognition of the financial instrument;
- ▶ Downgrading of the rating agency Moody's to "Caa1" and below.

Grouping of financial assets assessed on a group basis

Depending on the factors below, the Bank calculates ECL either on an individual basis or on a group basis.

Asset classes for which the Bank calculates ECL on an individual basis include the following:

- ▶ Loans to legal entities of Stage 2 and Stage 3 exceeding the specified threshold;
- ▶ Large and unique instruments in the small business lending portfolio.

Asset classes for which the Bank calculates ECL on a collective basis include:

- ▶ Small and standard assets within the small business lending portfolio;
- ▶ Consumer loans.

The Bank aggregates these financial assets into homogeneous groups depending on the internal and external characteristics of the loans, such as the maturity of payments, the type of product or the industry in which the borrower operates.

Forward-looking information and multiple economic scenarios

In its ECL calculation models, the Bank uses a wide range of forward-looking information as economic inputs, such as the dollar exchange rate and GDP.

The inputs and models used to calculate ECLs do not always reflect all the characteristics of the market at the date the financial statements are presented. To reflect this, qualitative adjustments or overlays are sometimes made as temporary adjustments if such differences are significant.

Credit quality by class of financial assets

The Bank manages the credit quality of financial assets using an internal rating system as described above. The table below provides an analysis of credit quality by asset class for loan-related items in the statement of financial position based on the Bank's credit rating system.

(thousands of Uzbek soums)

24. RISK MANAGEMENT (continued)**Credit risk (continued)**

<i>December 31, 2024</i>	<i>Note</i>		<i>Standard rating</i>	<i>Below standard rating</i>	<i>Impaired</i>	<i>Total</i>
Cash and cash equivalents, excluding cash	6	Stage 1	1,216,227,164	-	40	1,216,227,204
Amounts due from credit institutions	7	Stage 1	28,092,885	1,414,981	-	29,507,866
Investment securities	8	Stage 1	339,544,313	-	-	339,544,313
Loans to customers at amortized cost:	9					
- Commercial loans		Stage 1	235,559,694	-	-	235,559,694
		Stage 1	1,069,937,409	74,530,812	-	1,144,468,221
		Stage 2	-	31,811,992	-	31,811,992
- Small business loans		Stage 3	-	-	36,398,561	36,398,561
		Stage 1	4,266,436,603	664,217,146	-	4,930,653,749
		Stage 2	-	220,492,680	2,446,070	222,938,750
- Consumer loans		Stage 3	37,374	8,284,071	156,195,330	164,516,775
- Mortgage financing		Stage 1	275,793,549	-	-	275,793,549
		Stage 1	146,080,377	3,718,895	1,209	149,800,481
- Undrawn loan commitments		Stage 2	-	316,097	-	316,097
	20	Stage 3	851,351	305	3,613,336	4,464,992
Total			7,578,559,510	1,004,788,188	198,654,546	8,782,002,244
<i>December 31, 2023</i>	<i>Note</i>		<i>Standard rating</i>	<i>Below standard rating</i>	<i>Impaired</i>	<i>Total</i>
Cash and cash equivalents, excluding cash	6	Stage 1	402,912,196	38,017	-	402,950,213
Amounts due from credit institutions	7		67,673,556	3,191,779	-	70,865,335
Loans to customers at amortized cost:	9					
- Commercial loans		Stage 1	218,782,802	-	-	218,782,802
		Stage 1	265,911,137	-	-	265,911,137
		Stage 2	73,698	-	-	73,698
- Small business loans		Stage 3	-	-	4,986,090	4,986,090
		Stage 1	2,457,984,416	3,475,108	-	2,461,459,524
		Stage 2	101,800,650	664,387	-	102,465,037
- Consumer loans		Stage 3	-	-	186,441,907	186,441,907
- Mortgage financing		Stage 1	5,597,736	-	-	5,597,736
- Undrawn loan commitments		Stage 1	523,835,802	-	-	523,835,802
	20	Stage 2	3,365,297	-	-	3,365,297
Total			4,047,937,290	7,369,291	191,427,997	4,246,734,578

For more information on the allowance for impairment of loans to customers, see Note 9. The Bank's financial assets and liabilities are concentrated in Uzbekistan.

(thousands of Uzbek soums)

24. RISK MANAGEMENT (continued)**Liquidity risk and funding management**

Liquidity risk is the risk that the Bank will not be able to meet its payment obligations as they fall due, under normal or unforeseen circumstances. To mitigate this risk, management has made available various sources of funding in addition to the existing minimum bank deposits. Management also manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. This process includes an estimate of expected cash flows and the availability of high quality collateral that can be used to obtain additional funding if necessary.

Liquidity is assessed and managed by the Bank mainly on the basis of the ratio of net liquid assets and liabilities of the customer within the framework of the standards established by the Central Bank of the Republic of Uzbekistan. As of December 31, these ratios were:

	2024, %	2023, %
Liquidity coverage ratio (Highly liquid assets / net outflow in the next 30 days) (the requirement of the Central Bank of the Republic of Uzbekistan is not less than 100%)	141%	133%
Net stable financing rate (Available amount of stable financing / required amount of stable financing) (the requirement of the Central Bank of the Republic of Uzbekistan is not less than 100%)	116%	139%

Analysis of financial liabilities by terms remaining to maturity

The table below shows the Bank's financial liabilities as of December 31, by maturity, based on contractual undiscounted repayment obligations. Obligations that are redeemable on demand are treated as if the demand for redemption had been made on the earliest possible date. However, the Bank expects that many customers will not request repayment at the earliest date on which the Bank would be required to make the respective payment and, accordingly, the table does not reflect the expected cash flows calculated by the Bank based on historical demand information.

<i>As of December 31, 2024</i>	<i>Less than 3 months</i>	<i>From 3 to 12 months</i>	<i>From 1 year to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
Financial liabilities					
Amounts due to credit institutions	4,500,000	–	–	–	4,500,000
Amounts due to customers	989,730,569	2,303,250,749	7,206,844,682	–	10,499,826,000
Subordinated loans	5,826,175	17,478,525	134,508,800	73,156,630	230,970,130
Other liabilities	–	19,331,102	5,535,831	–	24,866,933
Total undiscounted financial liabilities	1,000,056,744	2,340,060,376	7,346,889,313	73,156,630	10,760,163,063
<i>As of December 31, 2023</i>	<i>Less than 3 months</i>	<i>From 3 to 12 months</i>	<i>From 1 year to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
Financial liabilities					
Amounts due to credit institutions	249,430	–	–	–	249,430
Amounts due to customers	801,719,333	1,298,034,202	2,479,747,723	–	4,579,501,258
Subordinated loans	2,092,888	6,278,663	51,986,200	27,492,760	87,850,511
Other liabilities	–	38,224,948	5,535,831	–	43,760,779
Total undiscounted financial liabilities	804,061,651	1,342,537,813	2,537,269,754	27,492,760	4,711,361,978

All commitments and contingencies of the Bank are deemed to be expirable due to the fact that, according to the contractual terms, they can be carried to the earliest period in which they can be demanded. The Bank expects that not all commitments and contingencies will need to be fulfilled before they expire.

(thousands of Uzbek soums)

24. RISK MANAGEMENT (continued)**Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. As of December 31, 2024, the Bank did not provide loans with a floating interest rate.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions in foreign currency based on the restrictions of the Central Bank of the Republic of Uzbekistan. Positions are tracked daily.

The following table sets out the currencies in which the Bank has significant positions as of December 31 in monetary assets and liabilities. The analysis performed consists in calculating the impact of a possible change in exchange rates against the Uzbek soums on the statement of profit or loss (due to the presence of non-trading monetary assets and liabilities, the fair value of which is sensitive to changes in the exchange rate). The effect on equity is no different from the effect on the income statement. Negative amounts in the table reflect a potential net decrease in the statement of profit or loss or equity, while positive amounts reflect a potential net increase.

Currency	2024		2023	
	Exchange rate change, in %	Impact on profit before tax	Exchange rate change, in %	Impact on profit before tax
US dollar	11.02%	20,068,811	23.66%	22,471,264
US dollar	(2.00%)	(3,640,772)	(23.66%)	(22,471,264)

Operational risk

Operational risk is the risk arising from system failure, human error, fraud or external events. When controls fail, operational risks can damage reputation, have legal consequences, or result in financial loss. The Bank cannot assume that all operational risks have been eliminated, but with the help of a control system and by monitoring and appropriately responding to potential risks, the Bank can manage such risks. The control system provides for an effective segregation of duties, access rights, approval and reconciliation procedures, staff training, and evaluation procedures, including internal audit.

25. FAIR VALUE MEASUREMENT**Fair value hierarchy**

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments, depending on the valuation model:

- ▶ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ▶ Level 2: other models for which all inputs that have a significant effect on the recorded fair value are directly or indirectly observable;
- ▶ Level 3: models for which not all inputs that have a significant effect on the recorded fair value are observable in the market.

As of December 31, 2024	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed				
Cash and cash equivalents	-	1,481,004,784	-	1,481,004,784
Amounts due from credit institutions	-	29,505,022	-	29,505,022
Loans to customers measured at amortized cost	-	-	6,968,919,533	6,968,919,533
Liabilities for which fair values are disclosed				
Amounts due to credit institutions	-	-	4,500,000	4,500,000
Amounts due to customers	-	-	8,390,430,955	8,390,430,955
Subordinated loans	-	-	111,756,089	111,756,089

(thousands of Uzbek soums)

25. FAIR VALUE MEASUREMENT (continued)**Fair value hierarchy (continued)**

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability, and the level in the fair value hierarchy.

<i>As of December 31, 2023</i>	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed				
Cash and cash equivalents	-	460,353,282	-	460,353,282
Amounts due from credit institutions	-	70,013,765	-	70,013,765
Loans to customers measured at amortized cost	-	-	3,383,503,675	3,383,503,675
Liabilities for which fair values are disclosed				
Amounts due to credit institutions	-	-	249,430	249,430
Amounts due to customers	-	-	3,278,021,836	3,278,021,836
Subordinated loans	-	-	41,461,703	41,461,703

Fair value of financial assets and liabilities not carried at fair value

Below is a comparison of the carrying amount and fair value by class of the Bank's financial instruments that are not measured at fair value in the statement of financial position. The table does not include fair values for non-financial assets and non-financial liabilities.

	Book value 2024	Fair value 2024	Unrecognized profit/ (loss) 2024	Book value 2023	Fair value 2023	Unrecognized profit/ (loss) 2023
Financial assets						
Cash and cash equivalents	1,481,004,784	1,481,004,784	-	460,353,282	460,353,282	-
Amounts due from credit institutions	29,505,022	29,505,022	-	70,013,765	70,013,765	-
Loans to customers at amortized cost	6,805,023,998	6,968,919,533	163,895,535	3,129,274,086	3,383,503,675	254,229,589
Financial liabilities						
Amounts due to credit institutions	4,500,000	4,588,125	(88,125)	249,430	249,430	-
Amounts due to customers	8,742,526,202	8,390,430,955	352,095,247	3,729,553,174	3,278,021,836	451,531,338
Subordinated loans	111,460,000	111,756,089	(296,089)	41,290,000	41,461,703	(171,703)
Total unrecognized change in fair value			515,606,568			705,589,224

(thousands of Uzbek soums)

26. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows assets and liabilities by their expected maturities. Information about the Bank's contractual undiscounted repayment obligations is disclosed in Note 24 "Risk Management".

	2024			2023		
	Within one year	More than a year	Total	Within one year	More than a year	Total
Cash and cash equivalents	1,481,004,784	–	1,481,004,784	460,353,282	–	460,353,282
Amounts due from credit institutions	29,505,022	–	29,505,022	60,412,579	9,601,186	70,013,765
Investment securities	337,571,408	–	337,571,408	–	–	–
Loans to customers	214,524,992	6,590,499,006	6,805,023,998	1,471,084,330	1,658,189,756	3,129,274,086
Property and equipment and right-of-use assets	–	146,783,312	146,783,312	3,925,383	156,849,710	160,775,093
Intangible assets	–	385,900,520	385,900,520	–	227,276,716	227,276,716
Income tax prepaid	2,835,847	–	2,835,847	4,123,955	–	4,123,955
Deferred income tax assets	–	38,349,929	38,349,929	–	22,530,495	22,530,495
Other assets	489,821,425	1,000	489,822,425	169,888,886	–	169,888,886
Total	2,555,263,478	7,161,533,767	9,716,797,245	2,169,788,415	2,074,447,863	4,244,236,278
Amounts due to credit institutions	4,500,000	–	4,500,000	249,430	–	249,430
Amounts due to customers	2,682,909,238	6,059,616,964	8,742,526,202	1,507,939,287	2,180,323,887	3,688,263,174
Subordinated loans	–	111,460,000	111,460,000	–	41,290,000	41,290,000
Other liabilities	36,933,807	9,910,337	46,844,144	59,070,054	6,203,478	65,273,532
Total	2,724,343,045	6,180,987,301	8,905,330,346	1,567,258,771	2,227,817,365	3,795,076,136
Net position	(169,079,567)	980,546,466	811,466,899	602,529,644	(153,369,502)	449,160,142

27. RELATED PARTY DISCLOSURES

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in the financial and operating decisions. When deciding whether the parties are related, the content of the relationship between the parties, and not just their legal form, is taken into account.

Related parties may enter into transactions that would not be entered into between unrelated parties. The prices and terms of such transactions may differ from the prices and terms of transactions between unrelated parties.

Transactions with non-government entities

Balances with related parties at the end of the reporting period are presented below:

	2024	2023
	Organizations under common control	Organizations under common control
Loans not repaid as of January 1	41,928,512	17,971,296
Loans issued during the year	49,897,773	24,159,557
Accrued interest	648,138	997,467
Repayment of loans during the year	(19,577,559)	(684,786)
Loans not repaid as of December 31	72,896,864	42,443,534
Less: allowance for impairment as of December 31	(206,189)	(515,022)
Loans not repaid as of 31 December, net of allowance	72,690,676	41,928,512
Deposits as of January 1	22,370,904	6,335,083
Deposits received during the year	847,923,426	354,201,193
Deposits repaid during the year	(846,969,399)	(338,165,372)
Deposits as of December 31	23,324,931	22,370,904
Subordinated loans as of January 1	24,500,000	4,500,000
Subordinated loans received during the year	–	20,000,000
Subordinated loans repaid during the year	–	–
Subordinated loans as of December 31	24,500,000	24,500,000
Other assets	34,464,882	81,080,506

(thousands of Uzbek soums)

27. RELATED PARTY DISCLOSURES (continued)**Transactions with non-government entities (continued)**

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

	2024			2023		
	Organiza- tions under common control	Key manage- ment personnel	Members of the Supervisory Board	Organiza- tions under common control	Key manage- ment personnel	Members of the Supervisory Board
Interest income on loans calculated using effective rate	75,995,648	48,999	1,163,052	12,068,577	16,448	100,496
Credit loss expense on loans	(538,247)	(678)	(33,763)	(510,626)	(183)	(4,212)
Interest expense on deposits	155,197	5,177,397	24,375,828	198,781	354,852	1,855,864
Interest expense on subordinated loans	5,177,500	-	-	2,267,945	-	-
Fee and commission income	55,027,865	-	-	24,669,438	-	-
Other operating expenses	45,005,909	-	-	31,265,012	-	-
Net gains/(losses) on foreign currency transactions	-	-	-	(115,545)	-	-

Compensation to key management personnel, consisting of 10 people (2023: 13 people), includes the following items:

	2024	2023
Salaries and other short-term employee benefits	17,271,318	10,452,265
Social security contributions	2,431,184	1,264,724
Total remuneration to key management personnel	19,702,502	11,716,989

28. CAPITAL ADEQUACY

The Bank actively manages the level of capital adequacy in order to protect against the risks inherent in its activities. The Bank's capital adequacy is monitored using, among other methods, principles and standards established by the 1988 Basel Capital Accord and standards adopted by the Central Bank of the Republic of Uzbekistan in supervising the Bank.

During the past year, the Bank has been in full compliance with all external capital requirements.

The primary objective of capital management for the Bank is to ensure that the Bank complies with external capital requirements and maintains the high credit rating and capital adequacy ratios necessary to operate and maximize shareholder value.

The Bank manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or change the capital structure, the Bank may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue equity securities.

Capital adequacy ratio of the Central Bank of the Republic of Uzbekistan

According to the requirements of the Central Bank of the Republic of Uzbekistan, the capital adequacy ratio of banks must be maintained at a level above a certain minimum percentage of the amount of risk-weighted assets. As of December 31, 2024 and 2023 The Bank's capital adequacy ratio calculated in accordance with the above rules was:

	2024	2023
Tier 1 Capital	811,466,899	580,146,219
Tier 2 Capital	299,586,037	157,986,414
Total capital	1,111,052,936	738,132,633
Risk-weighted assets	6,134,447,968	4,318,680,299
Tier 1 capital adequacy ratio (minimum requirement: 10%)	13.23%	13.43%
Total capital adequacy ratio (minimum requirement: 13%)	18.11%	17.09%

29. EVENTS AFTER THE REPORTING PERIOD

To facilitate the relocation of its head office, Anor Bank acquired buildings from UztransGas and Neft Gaz Bino Inshooti, leading to a rise in its Property, Plant, and Equipment (PPE). The bank prepaid for these properties during 2024, and usage rights were officially transferred to Anor Bank in January and February 2025.

During the first two months of 2025, the Bank's authorized capital increased by 70,000,000 undocumented shares with a par value of 1,000 (one thousand) soums with a total authorized capital of 70,000,000,000 soums.