PRIVATE JOINT STOCK COMMERCIAL BANK "ORIENT FINANS" AND ITS SUBSIDIARIES

Consolidated financial statements and independent auditor's report

For the year ended 31 December 2024

Content

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Independent auditor's report

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

Opinion

We have audited the consolidated financial statements of Private Joint Stock Commercial Bank "Orient Finans" and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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.

Key audit matters

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Management of the Group 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 Group, other than those which we considered necessary to enable us to express an opinion as to whether the Group's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated 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 Group's internal control and organization of its risk management systems with the requirements established by the Central Bank of the Republic of Uzbekistan, we found that:

- as at 31 December 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[1] (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 Group'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

15 April 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
Qualified auditor

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

Consolidated statement of financial position

As at 31 December 2024

(in millions of Uzbekistan Soums)

	Notes	*31 December 2024*	*31 December 2023*
Assets			
Cash and cash equivalents	5	3,326,187	3,659,675
Due from other banks	6	101,635	495,580
Loans to customers	7	12,707,672	8,467,685
Premises, equipment and intangible assets	8	454,018	347,262
Investment property		13,778	–
Debt securities at amortized cost	9	9,826	–
Financial assets at fair value through other comprehensive income	9	29,456	18,676
Current income tax prepayment		12,736	7,532
Other assets	10	70,318	65,783
Total assets		**16,725,625**	**13,062,193**
Liabilities			
Due to other banks	11	844,492	1,287,921
Customer accounts	12	11,214,693	9,019,155
Other borrowed funds	13	1,385,655	393,954
Deferred income tax liabilities	20	22,122	9,513
Other liabilities	14	68,972	31,342
Total liabilities		**13,535,933**	**10,741,885**
Equity			
Share capital	16	1,470,464	1,470,464
Share premium	16	2,105	2,105
Retained earnings		1,716,677	837,141
Revaluation reserve of financial assets measured at FVTOCI		–	10,598
Total equity attributable to shareholders of the Bank		3,189,247	2,320,308
Non-controlling interests		445	–
Total equity		**3,189,692**	**2,320,308**
Total liabilities and equity		**16,725,625**	**13,062,193**

On behalf of the Management Board

Djunaydullaev Tokhir Fakhriddinovich

Chairman of the Management Board

Rakhimov Dilshod Tulkinovich

Chief Accountant

15 April 2025
Tashkent, Uzbekistan

The notes on pages 6-51 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2024

(in millions of Uzbekistan Soums)

	Notes	2024	2023
Interest revenue calculated using effective interest rate	17	1,623,311	1,134,046
Other interest revenue	17	50,205	11,829
Interest expense	17	(554,380)	(310,067)
Net interest income before provision for expected credit loss on loans to customers		**1,119,136**	**835,808**
Recovery/(impairment losses) on loans to customers	26	34,118	(3,045)
Net interest income after provision for expected credit loss		**1,153,255**	**832,763**
Fee and commission income	18	442,415	311,985
Fee and commission expense	18	(200,670)	(124,902)
Net loss from foreign exchange translation		(1,890)	(4,297)
Net gain from trading in foreign currencies		231,646	179,423
Other operating income		27,713	9,234
Administrative and other operating expenses	19	(453,832)	(317,714)
Recovery/(impairment losses) on other financial instruments	10,23,26	13,175	(12,830)
Profit before tax		**1,211,814**	**873,662**
Income tax expense	20	(257,133)	(184,455)
Profit for the year		**954,681**	**689,207**
Attributable to:			
Shareholders of the Bank		955,126	689,207
Non-controlling interests		(445)	-
Profit for the year		**954,681**	**689,207**
Items that will not be reclassified subsequently to profit or loss			
Fair value loss on financial assets at FVTOCI		(13,247)	(948)
Income tax relating to items that will not be reclassified subsequently to profit or loss		2,649	190
Total other comprehensive loss for the year		**(10,598)**	**(758)**
Total comprehensive income for the year		**944,083**	**688,449**
Basis and diluted earnings per ordinary share (expressed in UZS per share)	21	**812**	**586**

On behalf of the Management Board

Djunaydullaev Tokhir Fakhriddinovich

Chairman of the Management Board

Rakhimov Dilshod Tulkinovich

Chief Accountant

15 April 2025
Tashkent, Uzbekistan

The notes on pages 6-51 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2024

(in millions of Uzbekistan Soums)

	Note	Share capital	Share premium	Retained earnings	Revaluation reserve of financial assets measured at FVTOCI	Total	Non-controlling interests	Total
Balance at 31 December 2022		**1,105,789**	**2,105**	**576,793**	**11,356**	**1,696,043**	-	**1,696,043**
Profit for the year		-	-	689,207	-	**689,207**	-	**689,207**
Other comprehensive loss for the year, net of income tax		-	-	-	(758)	**(758)**	-	**(758)**
Total comprehensive income for the year		-	-	**689,207**	**(758)**	**688,449**	-	**688,449**
Dividends directed for share capital increase		364,675	-	(364,675)	-	-	-	
Dividends to shareholders of the Bank		-	-	(64,184)	-	**(64,184)**	-	**(64,184)**
Balance at 31 December 2023		**1,470,464**	**2,105**	**837,141**	**10,598**	**2,320,308**	-	**2,320,308**
Profit for the year		-	-	955,126	-	**955,126**	(445)	**954,681**
Other comprehensive loss for the year, net of income tax		-	-	-	(10,598)	**(10,598)**	-	**(10,598)**
Total comprehensive income for the year		-	-	**955,126**	**(10,598)**	**944,528**	**(445)**	**944,083**
Dividends to shareholders of the Bank	16	-	-	(75,590)	-	**(75,590)**	-	**(75,590)**
Acquisition of subsidiary		-	-	-	-	-	**890**	**890**
Balance at 31 December 2024		**1,470,464**	**2,105**	**1,716,677**	-	**3,189,247**	**445**	**3,189,692**

On behalf of the Management Board:

Djunaydullaev Tokhir Fakhriddinovich
Chairman of the Management Board
15 April 2025, Tashkent, Uzbekistan

Rakhimov Dilshod Tulkinovich
Chief Accountant

The notes on pages 6-51 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2024

(in millions of Uzbekistan Soums)

	Notes	*2024*	*2023*
Cash flows from operating activities			
Interest received		1,578,309	1,118,375
Interest paid		(505,386)	(287,761)
Fee and commission received		445,290	313,839
Fee and commission paid		(200,670)	(124,902)
Income received from trading in foreign currencies		231,646	179,423
Other operating income received		26,086	6,532
Staff costs paid		(202,470)	(135,539)
Administrative and other operating expenses paid		(180,266)	(139,136)
Income tax paid		(247,078)	(178,066)
Cash flows from operating activity before changes in operating assets and liabilities		**945,461**	**752,771**
Changes in operating assets and liabilities			
Net (increase)/decrease in:			
- due from other banks		402,710	(283,540)
- loans to customers		(3,908,165)	(3,062,765)
- other assets		(4,788)	1,995
Net increase/(decrease) in:			
- due to other banks		(492,724)	(1,123,385)
- customer accounts		1,973,749	1,795,337
- other liabilities		823	5,169
Net cash (used in)/from operating activities		**(1,082,934)**	**(1,914,418)**

On behalf of the Management Board

Djunaydullaev Tokhir Fakhriddinovich

Chairman of the Management Board

Rakhimov Dilshod Tulkinovich

Chief Accountant

15 April 2025
Tashkent, Uzbekistan

The notes on pages 6-51 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

(in millions of Uzbekistan Soums)

	Notes	2024	2023
Cash flows from investing activities			
Purchase of debt securities		(9,826)	-
Purchase of equity instruments		(22,706)	-
Acquisition of premises, equipment and intangible assets		(143,926)	(100,818)
Acquisition of investment property		(13,778)	-
Acquisition of subsidiary, net of cash acquired		(16,736)	-
Proceeds from sale of premises and equipment		4,241	270
Dividend income received		1,628	2,696
Net cash used in investing activities		**(201,104)**	**(97,852)**
Cash flows from financing activities			
Proceeds from other borrowed funds	15	1,199,985	179,899
Repayment of other borrowed funds	15	(220,455)	(137,841)
Dividends paid to shareholders of the Bank	16	(75,590)	(64,184)
Net cash from/(used in) financing activities		**903,939**	**(22,126)**
Effect of exchange rate changes on cash and cash equivalents		37,260	157,666
Effect of expected credit loss	5	9,350	(11,132)
Net decrease in cash and cash equivalents		**(333,489)**	**(1,887,862)**
Cash and cash equivalents at the beginning of the year	5	3,659,675	5,547,537
Cash and cash equivalents at the end of the year	5	**3,326,187**	**3,659,675**

On behalf of the Management Board

Djunaydullaev Tokhir Fakhriddinovich

Chairman of the Management Board

Rakhimov Dilshod Tulkinovich

Chief Accountant

15 April 2025
Tashkent, Uzbekistan

The notes on pages 6-51 form an integral part of these consolidated financial statements.

(in millions of Uzbekistan Soums)

1. Organization

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2024 for Private Joint Stock Commercial Bank "Orient Finans" (the "Bank") and its subsidiaries "OFB Lizing" LLC, "OFB Moliya" LLC and "Raqamli Biznes Agregator" LLC (collectively – "the Group").

The Bank was incorporated on 19 June 2010 and is domiciled in the Republic of Uzbekistan. The Bank is a private joint stock commercial bank limited by shares and was set up in accordance with Uzbek regulations.

Principal activity

The Bank's principal activity is commercial and retail banking operations within the Republic of Uzbekistan. The Bank is operating under general banking license № 81 re-issued by the Central Bank of Uzbekistan (the "CBU") on 25 December 2021.

The Bank conducts its operations from its Head Office located in Tashkent, Uzbekistan and has eight branches (31 December 2023: eight).

Registered address and place of business

The Bank's registered address is: 5, Osiyo str, Mirzo-Ulugbek district, Tashkent 100052, Uzbekistan.

Shareholders

As at 31 December 2024 and 2023, the interest of the shareholders in the Bank's capital was as follows (in %):

in percentage	***31 December 2024***	***31 December 2023***
Individuals		
Polatov S. Dj.	57.135%	57.135%
Ahmedjanova S. B.	27.990%	27.990%
Other	0.035%	0.035%
Subtotal	**85.160%**	**85.160%**
Legal entities		
"Techexpertmash" LLC	11.130%	11.130%
"Metrafor" LLC	3.710%	3.710%
Subtotal	**14.840%**	**14.840%**
Total	**100,000%**	**100,000%**

2. Material accounting policy information

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to *Note 4*).

The Group is required to maintain its records and prepare its financial statements for regulatory purposes in Uzbekistan Soums in accordance with Uzbekistan Accounting Legislation and related instructions. These consolidated financial statements are based on the Bank's Uzbekistan Accounting Legislation books and records, adjusted and reclassified in order to comply with IFRS.

(in millions of Uzbekistan Soums)

2. Material accounting policy information (continued)

Going concern

These consolidated financial statements have been prepared assuming that the Group is a going concern, as the Group have the resources to continue in operation for the foreseeable future. In making this assessment, the management have considered a wide range of information in relation to present and future economic conditions, including projections of cash flows, profit and capital resources.

Consolidated financial statements

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated; unrealized losses are also eliminated unless the cost cannot be recovered. The Bank and its subsidiary use uniform accounting policies consistent with the Group's policies.

Recognition and measurement of financial instruments

The Group recognizes financial assets and liabilities on its consolidated statement of financial position when it becomes a party to the contractual obligations of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

All recognized financial assets that are within the scope of IFRS 9 *Financial Instruments* ("IFRS 9") are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- *Retention of an asset to obtain the cash flows stipulated by the contract.* This business model suggests financial asset management aims to realize cash flows by receiving principal and interest payments over the life of the financial instrument. Within the framework of this business model, holding a financial asset to maturity is a priority, but early disposal is not prohibited;
- *Retention of an asset with a view for obtaining contractual cash flows and sale of financial assets.* This business model assumes that the management of financial assets is aimed at both obtaining contractual cash flows and sale of financial assets. Within the framework of this business model, the receipt of cash from the sale of a financial asset is a priority, which is characterized by a greater frequency and volume of sales compared to "holding an asset to receive contractual cash flows" business model;
- *Retention of an asset for other purposes.* Within the framework of this business model, financial assets can be managed with the following purposes:
  - Management with a view to selling cash flows through the sale of financial assets;
  - Liquidity management to meet daily funding needs;
  - A portfolio, which management and performance is measured on a fair value basis;
  - A portfolio, which matches the definition of held for trading. Financial assets are deemed to be held for trading if they were acquired mainly with a view to subsequent disposal in the near future (up to 180 days), gaining short-term profit, or represent derivative financial instruments (except for a financial guarantee or derivative financial instrument that was designated as a hedging instrument).

(in millions of Uzbekistan Soums)

2. Material accounting policy information (continued)

Recognition and measurement of financial instruments (continued)

In accordance with IFRS 9, financial assets are classified as follows:

- Loans to customers are classified as assets at amortised cost are contained within the framework of a business model which aims to receive cash flows exclusively for repayment of unpaid interest and principal stipulated by loan agreement and that have contractual cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding;
- Balances on correspondent accounts, interbank loans/deposits are classified, as a rule, as assets, estimated at amortised cost, since they are managed within the framework of a business model, which aims to receive cash flows stipulated by the contract, and that have contractual cash flows that are SPPI;
- Equity securities are generally classified as instruments at fair value through other comprehensive income;

Expected credit loss (ECL) measurement – definitions

ECL is a probability-weighted measurement of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and should be determined by evaluating a range of possible outcomes.

An ECL measurement is based on four components used by the Group:

- *Exposure at Default (EAD)* – an estimate of exposure at a future default date, taking into account expected changes in exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities;
- *Probability of Default (PD)* – an estimate of the likelihood of default to occur over a given time period;
- *Loss Given Default (LGD)* – an estimate of a loss arising on default. It is based on the difference between contractual cash flows due and those that the lender would expect to receive, including from any collateral. It usually expressed as a percentage of EAD;
- *Discount Rate* – a tool to discount an expected loss from the present value at the reporting date. The discount rate represents the effective interest rate (EIR) for the financial instrument or an approximation thereof.

Default and credit-impaired assets

The financial asset is considered to be in default, or credit impaired, when it meets one or more of the following criteria:

For individually significant loans (except interbank exposures):

- The borrower is more than 90 days past due on its contractual payments (regulatory definition of default for individually significant loans);
- Significant deterioration of the borrower's operating results;
- The loan had experienced a restructuring due to deterioration in the borrower's creditworthiness one or more times within last 12 months;
- The misuse of borrowed funds;
- The borrower is deceased (retail loans);
- The Group has information about force majeure, as well as other circumstances that caused the borrower (co-borrower) significant material damage or do not allow him to continue its operations, including information about the deprivation/suspension of a license for operations or information on unemployment of borrower;
- A high probability of bankruptcy or another kind of financial reorganization, as well as involvement of the borrower (co-borrower) in litigation processes, which may worsen its financial condition;
- Significant changes in the quality of loan collateral or the quality of guarantees/warranties provided by third parties that are expected to reduce the economic incentive for the borrower to make scheduled payments or otherwise affect the likelihood of default;
- Absence of communication with borrower.

(in millions of Uzbekistan Soums)

2. Material accounting policy information (continued)

Default and credit-impaired assets (continued)

For collectively assessed loans:

- The borrower is more than 90 days past due on its contractual payments (regulatory definition of default for individually significant loans);
- The loan had experienced a restructuring due to deterioration in the borrower's creditworthiness one or more times within last 12 months;
- The loan has been classified as unsatisfactory, doubtful or hopeless in accordance with CBU classification.

For other financial assets:

- The counterparty or issuer rated at Caa1 (Moody's) or lower;
- The counterparty or issuer is more than 90 days past due;
- The counterparty or issuer has significant deterioration of operating results.

Significant increase in credit risk (SICR)

The SICR assessment is performed on an individual basis and on a portfolio basis. SICR for individually significant loans is assessed on an individual basis by monitoring the triggers stated below. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Group 's risk department.

The Group considers a financial instrument to have experienced an SICR when one or more of the following quantitative, qualitative or subsidiary criteria have been met:

For individually significant and for collectively assessed loans:

- Significant changes in the quality of loan collateral or the quality of guarantees/warranties provided by third parties that are expected to reduce the economic incentive for the borrower to make scheduled payments or otherwise affect the likelihood of default;
- The number of days past due is more than 30 days but less than 90;
- The loan has been classified as substandard in accordance with CBU classification (*Note 26*);
- Restructuring due to the financial difficulties.

For other financial assets:

- Deterioration of the counterparty's or issuer's rating by 3 notch.

ECL measurement – description of estimation techniques

General principle

ECLs are generally measured based on the risk of default over one of two different time periods, depending on whether the borrower's credit risk has increased significantly in a three-stage model for ECL measurement:

- Stage 1: a group of financial instruments for which no significant increase in the credit risk level has been recorded since initial recognition and provisions for this group are created as 12-month ECL, and interest income is calculated based on the gross book value;
- Stage 2: a group of financial instruments for which a significant increase in the credit risk level has been recorded since the initial recognition and for which provisions equal the ECL amount for the instrument's lifetime, and interest income is calculated based on the gross carrying amount of the financial asset;
- Stage 3: a group of credit-impaired financial instruments, for which provisions equal the ECL amount for the instrument's lifetime, and interest income is accrued based on the carrying amount of the asset, net of the loss allowance.

The Group defines individually significant loans as loans with total outstanding balances exceeding the threshold of 1% of the Group's total equity. ECL for individually significant loans in Stage 3 are assessed on an individual basis, whereas, ECL for individually significant loans in Stage 1 and 2 are assessed on a collective basis.

(in millions of Uzbekistan Soums)

2. Material accounting policy information (continued)

ECL measurement – description of estimation techniques (continued)

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include deposits with the Central Bank of Uzbekistan (the "CBU") and all interbank placements with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortized cost.

The payments or receipts presented in the statement of cash flows represent transfers of cash and cash equivalents by the Group, including amounts charged or credited to current accounts of the Group's counterparties held with the Group, such as loan interest income or principal collected by charging the customer's current account or interest payments or disbursement of loans credited to the customer's current account, which represents cash or cash equivalent from the customer's perspective.

Due from other banks

Amounts due from other banks are recorded when the Group advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Due from the CBU include non-interest-bearing mandatory reserve deposit held with the CBU which is not available to finance the Group's Day to day operations, and hence is not considered as part of cash and cash equivalents for the purposes of these consolidated financial statements.

Credit related commitments

The Group issues financial guarantees and commitments to provide loans. Financial guarantees represent irrevocable assurances to make payments in the event that a customer cannot meet its obligations to third parties and carry the same credit risk as loans. Financial guarantees and commitments to provide a loan are initially recognized at their fair value, which is normally evidenced by the amount of fees received. This amount is amortized on a straight-line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition.

Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation and provision for impairment, where required.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of premises and equipment items is capitalized and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of premises and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year. An impairment loss recognized for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. Gains and losses on disposals determined by comparing proceeds with carrying amount are recognized in the statement of profit and loss or other comprehensive income.

2. Material accounting policy information (continued)

Depreciation

Construction in progress is not depreciated. Depreciation of premises and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Building and premises	20-30
Office and computer equipment	5-10

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting period.

Intangible assets

The Group's intangible assets have definite useful lives and primarily comprise capitalized computer software. Acquired computer software licenses are capitalized based on the costs incurred to acquire and bring them to use. All other costs associated with computer software, e.g., its maintenance, are expensed when incurred. Capitalized computer software is amortized on a straight-line basis over expected useful lives of five years.

Construction in progress

The Group's construction in progress is carried at cost, less any recognized impairment loss. Such construction in progress is classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Due to other banks

Amounts due to other banks are recorded when money or other assets are advanced to the Group by counterparty banks. The non-derivative liability is carried at amortized cost.

Customer accounts

Customer accounts are non-derivative liabilities to individuals, state or corporate customers and are carried at amortized cost.

Other borrowed funds

Other borrowed funds include some specific borrowings, which differ from the above items of liabilities and include funds received from the Government of Uzbekistan, foreign financial institutions and local commercial banks, credit lines and other specific items. Other borrowed funds are carried at amortized cost.

Income taxes

Income taxes are provided for in accordance with legislation enacted or substantively enacted by the end of the reporting period.

The income tax charge comprises current tax and deferred tax and is recognized in profit or loss for the year except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorized prior to filing relevant tax returns. Taxes other than income tax are recorded within administrative and other operating expenses.

(in millions of Uzbekistan Soums)

2. Material accounting policy information (continued)

Income taxes (continued)

Deferred income tax is provided using the balance sheet liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the reporting date, which are expected to apply to the period when the temporary differences will reverse. Deferred tax assets for deductible temporary differences are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

Trade payable and other liabilities

Trade payables and other liabilities are accrued when the counterparty has performed its obligations under the contract and are carried at amortized cost.

Share capital

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorized for issue are disclosed in the subsequent events note.

Revaluation reserve

The reserves recorded in equity (other comprehensive income) on the Group's consolidated statement of financial position include revaluation reserve of financial assets at fair value through other comprehensive income.

Income and expense recognition

Interest income and expense are recorded in the statement of profit or loss for all debt instruments on an accrual basis using the effective interest method.

This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Group does not designate loan commitments as financial liabilities at fair value through profit or loss.

When loans and other debt instruments become doubtful of collection, they are written down to the present value of expected cash inflows and interest income is thereafter recorded for the unwinding of the present value discount based on the asset's effective interest rate which was used to measure the impairment loss.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, and fees for settlement transactions which represent the fee received by the Group for processing of each transaction over the customer's accounts are earned on execution of the underlying transaction, and are recorded on its completion.

(in millions of Uzbekistan Soums)

2. Material accounting policy information (continued)

Uncertain tax positions

The Group's uncertain tax positions are reassessed by management at every reporting date. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the balance sheet date and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy.

Earnings per share

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

Staff costs and related contributions

Wages, salaries, contributions to Uzbekistan state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

Foreign currency translation

The functional currency of the Group, which is the currency of the primary economic environment in which the Group operates, and the Group's presentation currency is the national currency of the Republic of Uzbekistan, Uzbekistan Soum ("UZS").

Monetary assets and liabilities are translated into Group's functional currency at the official exchange rate of the CBU at the end of respective reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into Group's functional currency at year-end official exchange rates of the CBU are recognized in profit or loss for the year. Translation at the year-end rates does not apply to non-monetary items that are measured at historical cost.

On 31 December 2024 the principal rate of exchange used for translating foreign currency balances was USD 1=UZS 12,920.48 (2023: 12,338.77) and EUR 1 = UZS 13,436.01 (2023: 13,731.82).

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Bank's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

(in millions of Uzbekistan Soums)

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make estimates and judgments that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting year. Management evaluates its estimates and judgements on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the portrayal of the Group's financial condition.

Critical accounting judgements

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See *Note 26* for more details on allowance for ECL.

Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the Group uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the Group uses valuation models to determine the fair value of its financial instruments. Refer to *Note 25* for more details on fair value measurement.

Significant increase of credit risk

As explained in *Note 2*, ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable information.

For treasury operations, the Group calculates ECL on a financial asset based not only on the current estimates of the credit quality of the counterparty/issuer at the reporting date, but also taking into account possible deterioration of the financial condition due to the adverse macroeconomic factors of the counterparty's/issuer's environment in the future. In particular, the level of ECL for treasury operations is affected by the rating outlook (positive, stable, negative) assigned by international rating agencies, which affects the probability of default ("PD").

For bank loans, the calculation of ECL takes into account the possible estimated effects migration of collective loans and collateral coverage.

The key inputs used for measuring ECL are:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

(in millions of Uzbekistan Soums)

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Exposure at default

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortization profiles, early repayment or overpayment, changes in utilization of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

Key sources of estimation uncertainty

Probability of default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

PD for treasury operations is determined according to the Default Study from international rating agencies (S&P, Fitch, Moody's), which publish tabular data with the values of the probabilities of default. The probabilities of default are maintained up to date and are updated on a periodic basis as the default statistics are updated.

PD for individually assessed loans of corporate, small and medium businesses is basing on the quantitative and qualitative characteristics of the borrower. The calculation of PD on loans assessed on a collective basis is carried out on the basis of historical data using the migration matrices and roll-rates.

Loss Given Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral.

LGD for treasury operations is determined according to the Default Study data from international rating agencies (S&P, Fitch, Moody's) and depends on the type of debt on the financial asset: senior secured/unsecured, subordinated, sovereign. In addition, LGD may be adjusted if collateral is provided for the asset, as well as if there are indications of impairment for the financial asset (Stage 2 or Stage 3).

LGD for collectively assessed loans is calculated based on an estimate of the recoverability of debt in case of the pledged collateral sale with a discount period that corresponds to the pledged collateral implementation terms.

4. Application of new and revised International Financial Reporting Standards (IFRSs)

New and amended IFRS Standards that are effective for the current year

The Group applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's financial statements.

(in millions of Uzbekistan Soums)

4. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

New and amended IFRS Standards that are effective for the current year (continued)

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

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

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

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments had no impact on the Group's financial statements.

New and revised IFRS Standards in issue but not yet effective

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statements.

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).

(in millions of Uzbekistan Soums)

4. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

New and revised IFRS Standards in issue but not yet effective (continued)

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 Group 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 Group 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 Group 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 Group 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 Group, 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 Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

5. Cash and cash equivalents

	31 December 2024	*31 December 2023*
Cash balances with the CBU	2,430,241	2,854,194
Correspondent accounts and placements with other banks with original maturity of less than 3 months	519,825	499,624
Cash on hand	377,851	316,989
Less: allowance for impairment losses	(1,730)	(11,132)
Total cash and cash equivalents	**3,326,187**	**3,659,675**

(in millions of Uzbekistan Soums)

5. Cash and cash equivalents (continued)

As at 31 December 2024 and 2023, cash and cash equivalents in the amount of UZS 2,925,250 million (88%) and UZS 3,280,257 million (90%) were placed within five commercial banks and the Central Bank of Uzbekistan, respectively.

The credit quality of cash and cash equivalents balances at 31 December 2024 is as follows:

	Cash balances with the CBU	*Correspondent accounts and placements with other banks with original maturity of less than 3 months*	*Total*
Moody's "Aa2" rated	–	47,033	**47,033**
Moody's "A1" rated	–	53,630	**53,630**
Moody's "A2" rated	–	12,213	**12,213**
Moody's "A3" rated	–	86,566	**86,566**
Moody's "Baa1" rated	–	–	**–**
Moody's "Baa3" rated	–	27	**27**
Moody's "Ba3" rated	–	319,667	**319,667**
Moody's "B1" rated	2,430,241	689	**2,430,930**
Total cash and cash equivalents, excluding cash on hand and provisions for expected credit loss	**2,430,241**	**519,825**	**2,950,066**

The credit quality of cash and cash equivalents balances at 31 December 2023 is as follows:

	Cash balances with the CBU	*Correspondent accounts and placements with other banks with original maturity of less than 3 months*	*Total*
Moody's "A1" rated	–	35,566	**35,566**
Moody's "A2" rated	–	17,440	**17,440**
Moody's "A3" rated	–	254	**254**
Moody's "Baa1" rated	–	6,967	**6,967**
Moody's "Baa3" rated	–	1,235	**1,235**
Moody's "Ba3" rated	–	416,208	**416,208**
Moody's "B1" rated	2,854,194	–	**2,854,194**
Moody's "B2" rated	–	4,377	**4,377**
Not rated	–	17,577	**17,577**
Total cash and cash equivalents, excluding cash on hand and provisions for expected credit loss	**2,854,194**	**499,624**	**3,353,818**

6. Due from other banks

Mandatory cash balance with the CBU include non-interest-bearing reserves against client deposits. The Group does not have the right to use these deposits for the purposes of funding its own activities.

	31 December 2024	*31 December 2023*
Placements with other banks with original maturities of more than three months	22,000	293,833
Mandatory reserve with the CBU	–	133,391
Restricted cash	80,123	70,431
Less: allowance for impairment losses	(488)	(2,075)
Total due from banks	**101,635**	**495,580**

(in millions of Uzbekistan Soums)

6. Due from other banks (continued)

Restricted cash represents balances on correspondent accounts with foreign banks placed by the Group on behalf of its customers. The Group does not have the right to use these funds for the purpose of funding its own activities.

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. At the same time, taking into account the current state of liquidity, in order to ensure continuity of payments, the Central Bank of the Republic of Uzbekistan decided to increase the averaging coefficient from 80% to 100% from 1 July 2024, which made it possible to return funds previously withdrawn to mandatory reserve accounts to the Group's correspondent accounts. Thus, from 1 July 2024, the Group holds 100% averaging of mandatory reserves in cash balances with the Central Bank of the Republic of Uzbekistan. As at 31 December 2024, the mandatory reserve with CBU amounted to UZS 784,649 million (31 December 2023: UZS 133,391 million).

Analysis by credit quality of amounts due from other banks outstanding at 31 December 2024 is as follows:

	Mandatory cash balance with the CBU	*Placements with other banks with original maturities of more than three months*	*Restricted cash*	*Total*
- Moody's "A1" rated	–	–	79,499	**79,499**
- Moody's "B1" rated	–	1,000	–	**1,000**
- Moody's "B2" rated	–	21,000	50	**21,050**
- Moody's "Ba3" rated	–	–	110	**110**
- Not rated	–	–	464	**464**
Total due from other banks, excluding provision for expected credit loss	**–**	**22,000**	**80,123**	**102,123**

Analysis by credit quality of amounts due from other banks outstanding at 31 December 2023 is as follows:

	Mandatory cash balance with the CBU	*Placements with other banks with original maturities of more than three months*	*Restricted cash*	*Total*
- Moody's "A1" rated	–	–	69,979	**69,979**
- Moody's "Aa3" rated	–	–	–	**–**
- Moody's "B1" rated	133,391	30,000	50	**163,441**
- Moody's "Ba1" rated	–	231,759	–	**231,759**
- Moody's "Ba3" rated	–	32,074	60	**32,134**
- Not rated	–	–	342	**342**
Total due from other banks, excluding provision for expected credit loss	**133,391**	**293,833**	**70,431**	**497,655**

7. Loans to customers

	31 December 2024	*31 December 2023*
Corporate loans	8,234,786	5,337,620
Consumer loans	4,517,735	3,201,477
Gross loans to customers	**12,752,520**	**8,539,097**
Less: provision for expected credit loss	(44,848)	(71,412)
Total loans to customers	**12,707,672**	**8,467,685**

As at 31 December 2024, corporate loans include finance lease receivables of UZS 192,328 million (31 December 2023: UZS 11,362 million).

(in millions of Uzbekistan Soums)

7. Loans to customers (continued)

Analysis by credit quality of loans to customers as at 31 December 2024 is as follows:

	Gross loans	*Provision for expected credit loss*	*Net loans*
Collectively assessed on corporate loans			
Not past due	7,946,783	(29,807)	7,916,976
Overdue:			
- Up to 30 days	53,309	(527)	52,781
- From 30 to 90 days	221,557	(6,654)	214,903
- Over 90 days	13,137	(3,902)	9,235
Total collectively assessed corporate loans	**8,234,786**	**(40,890)**	**8,193,896**
Collectively assessed on consumer loans			
Not past due	4,508,403	(1,231)	4,507,172
Overdue:			
- Up to 30 days	1,464	(18)	1,445
- From 30 to 90 days	3,362	(893)	2,469
- Over 90 days	4,506	(1,816)	2,690
Total collectively assessed consumer loans	**4,517,735**	**(3,958)**	**4,513,776**
Total loans to customers	**12,752,520**	**(44,848)**	**12,707,672**

Analysis by credit quality of loans to customers as at 31 December 2023 is as follows:

	Gross loans	*Provision for expected credit loss*	*Net loans*
Collectively assessed on corporate loans			
Not past due	5,247,637	(47,519)	5,200,118
Overdue:			
- Up to 30 days	36,707	(803)	35,904
- From 30 to 90 days	28,122	(3,351)	24,771
- Over 90 days	25,154	(7,467)	17,687
Total collectively assessed corporate loans	**5,337,620**	**(59,140)**	**5,278,480**
Collectively assessed on consumer loans			
Not past due	3,201,477	(12,272)	3,189,205
Overdue:			
- Up to 30 days	–	–	–
- From 30 to 90 days	–	–	–
- Over 90 days	–	–	–
Total collectively assessed consumer loans	**3,201,477**	**(12,272)**	**3,189,205**
Total loans to customers	**8,539,097**	**(71,412)**	**8,467,685**

Economic sector risk concentrations within the customer loan portfolio are as follows:

	31-December-2024 amount	*%*	*31-December-2023 amount*	*%*
Production	4,911,857	39%	1,810,837	21%
Individuals	4,517,735	35%	3,201,477	38%
Services	1,861,192	15%	2,088,868	24%
Trade	858,174	7%	734,944	9%
Oil & Gas	329,751	3%	192,889	2%
Agriculture	273,812	2%	510,082	6%
Gross loans to customers	**12,752,520**	**100%**	**8,539,097**	**100%**

(in millions of Uzbekistan Soums)

7. Loans to customers (continued)

In absence of collateral or other credit enhancements, ECL in respect of Stage 3 loans to customers as at 31 December 2024 and 2023 would have been higher by:

	2024	*2023*
Corporate loans	4,601	7,467
Consumer loans	1,816	-
	6,417	**7,467**

The analysis of the finance lease receivables and their present value as at 31 December 2024 is as follows:

	Not later than 1 year	*Between 1 and 2 years*	*Between 2 and 3 years*	*Between 3 and 4 years*	*Over 5 years*
Finance lease receivables at 31 December 2024	100,342	83,568	3,722	3,066	2,100
Unearned finance income	(10,365)	(8,158)	(1,440)	(1,241)	(882)
Impairment provision	(248)	(208)	(6)	(5)	(3)
Present value of finance lease receivables at 31 December 2024	**89,729**	**75,202**	**2,276**	**1,820**	**1,215**

The analysis of the finance lease receivables and their present value as at 31 December 2023 is as follows:

	Not later than 1 year	*Between 1 and 2 years*	*Between 2 and 3 years*	*Between 3 and 4 years*	*Over 5 years*
Finance lease receivables at 31 December 2023	7,445	6,064	5,102	1,665	1,825
Unearned finance income	(2,861)	(2,718)	(2,358)	(875)	-965
Impairment provision	(20)	(11)	(9)	(2)	(3)
Present value of finance lease receivables at 31 December 2023	**4,564**	**3,335**	**2,735**	**788**	**857**

(in millions of Uzbekistan Soums)

8. Premises, equipment and intangible assets

	Buildings and premises	*Office and computer equipment*	*Construction in progress*	*Total premises and equipment*	*Intangible assets*	*Intangible assets under development*	*Total*
Cost							
1 January 2023	**171,853**	**154,437**	**65,655**	**391,945**	**29,761**	**3,971**	**425,677**
Additions	–	15,334	61,679	**77,013**	5,865	6,420	**89,298**
Disposals	(19)	(1,652)	–	**(1,671)**	–	–	**(1,671)**
Transfer	13,923	–	(13,923)	–	4,142	(4,142)	–
31 December 2023	**185,757**	**168,119**	**113,411**	**467,287**	**39,768**	**6,249**	**513,304**
Accumulated depreciation							
31 December 2023	**33,094**	**77,975**	–	**111,069**	**16,244**	–	**127,313**
Depreciation/amortisation charge (*Note 19*)	10,096	24,802	–	**34,898**	5,374	–	**40,272**
Disposals	(7)	(1,536)	–	**(1,543)**	–	–	**(1,543)**
31 December 2023	**43,183**	**101,241**	–	**144,424**	**21,618**	–	**166,042**
Cost							
1 January 2024	**185,757**	**168,119**	**113,411**	**467,287**	**39,768**	**6,249**	**513,304**
Additions	5,916	37,895	104,243	**148,054**	6,778	1,730	**156,562**
Disposals	(112)	(10,771)	–	**(10,883)**	–	(220)	**(11,103)**
Transfer	1,338	2,374	(3,712)	–	7,645	(7,645)	–
31 December 2024	**192,899**	**197,617**	**213,942**	**604,458**	**54,191**	**114**	**658,763**
Accumulated depreciation							
1 January 2024	**43,183**	**101,241**	–	**144,424**	**21,618**	–	**166,042**
Depreciation/amortization charge (*Note 19*)	10,595	27,650	–	**38,245**	7,321	–	**45,566**
Disposals	(50)	(6,813)	–	**(6,863)**	–	–	**(6,863)**
31 December 2024	**53,728**	**122,078**	–	**175,806**	**28,939**	–	**204,745**
Net book value							
31 December 2023	**142,574**	**66,878**	**113,411**	**322,863**	**18,150**	**6,249**	**347,262**
31 December 2024	**139,171**	**75,539**	**213,942**	**428,652**	**25,252**	**114**	**454,018**

Construction in progress consists mainly of construction and refurbishment of branch premises. Upon completion, assets are transferred to premises and equipment.

As at 31 December 2024, the Group had capital expenditures commitments in the amount of UZS 12,687 million in respect of construction in progress (31 December 2023: UZS 29,742 million).

As at 31 December 2024, fully depreciated assets amounted to 81,015 UZS million (31 December 2023: UZS 37,028 million).

As at 31 December 2024 and 2023, the Group did not pledge premises, equipment and intangible assets as collateral.

(in millions of Uzbekistan Soums)

9. Investment securities

	Share %	*Country of registration*	*31 December 2023*	*31 December 2022*
Debt securities at amortised cost				
Government obligations		Uzbekistan	9,826	-
Total debt securities at amortised cost			**9,826**	-
Financial assets at FVTOCI				
Foreign Currency Exchange of the Republic of Uzbekistan	5.76%	Uzbekistan	2,352	12,085
Uzbekistan Mortgage Refinancing Company	3.00%	Uzbekistan	26,690	3,513
Credit Information Analytics Centre	3.23%	Uzbekistan	414	3,078
Total financial assets at FVTOCI			**29,456**	**18,676**
Total investment securities			**39,282**	**18,676**

As at 31 December 2024 and 2023, none of the securities in the table above were pledged under the Group's liabilities or liabilities to third parties.

In accordance with the Resolution of the President of the Republic of Uzbekistan No. PD-394 dated December 15, 2023 on measures to financially support the activities of the "Uzbek Mortgage Refinancing Company" JSC, "PJSCB Orient Finans" purchased 22 million shares of the "Uzbek Mortgage Refinancing Company" JSC with a nominal value of 1,000 soums.

10. Other assets

	31 December 2024	*31 December 2023*
Other financial assets		
Receivable from money transfer systems	6,371	6,207
Less: allowance for impairment of other financial assets	(1,370)	(2,314)
Total other financial assets	**5,001**	**3,893**
Other non-financial assets		
Prepayments to suppliers	49,972	58,791
Properties held for sale in ordinary course of business	3,910	-
Other	11,435	3,099
Total other non-financial assets	**65,317**	**61,890**
Total other assets	**70,318**	**65,783**

An analysis of changes in the ECLs for other financial assets for the year ended 31 December 2024 and 2023 is as follows:

	2024	*2023*
ECL allowance as at 1 January	**2,314**	**1,199**
Changes in ECL	(944)	1,115
At 31 December	**1,370**	**2,314**

(in millions of Uzbekistan Soums)

11. Due to other banks

	31 December 2024	*31 December 2023*
Time deposits	677,517	1,244,804
Correspondent accounts with other banks	166,975	43,117
Total due from banks	**844,492**	**1,287,921**

As at 31 December 2024 and 2023, time deposits in the amount of UZS 632,585 million (93%) and UZS 1,204,622 million (97%), respectively, were provided by three banks.

(in millions of Uzbekistan Soums)

12. Customer accounts

	31 December 2024	*31 December 2023*
Private and legal entities		
- Term deposits	4,589,170	2,347,312
- Current/settlement accounts	3,085,342	3,616,036
Individuals		
- Current/settlement accounts	2,420,482	2,092,007
- Term deposits	1,119,699	963,800
Total customer accounts	**11,214,693**	**9,019,155**

Economic sector concentrations within customer accounts are as follows:

	31 December 2024		*31 December 2023*	
	Amount	*%*	*Amount*	*%*
Individuals	3,599,524	32.1%	3,007,431	33.3%
Service	2,961,031	26.4%	1,135,328	12.6%
Government organizations	2,083,482	18.6%	2,230,031	24.7%
Trade	708,973	6.3%	710,803	7.9%
Manufacturing	469,777	4.2%	1,145,541	12.7%
Transportation	458,190	4.1%	191,499	2.1%
Oil and Gas	308,197	2.7%	63,050	0.7%
Communication	144,357	1.3%	96,942	1.1%
Construction	126,499	1.1%	239,583	2.7%
Agriculture	9,069	0.1%	8,225	0.1%
Other	345,594	3.1%	190,722	2.1%
Total customer accounts	**11,214,693**	**100%**	**9,019,155**	**100%**

As at 31 December 2024 and 2023, customer accounts amounting to UZS 61,037 million and UZS 103,806 million respectively, were pledged as collateral for letters of credit and other similar products issued by the Group.

As at 31 December 2024, the Group had 10 customers (2023: 10 customers) with the aggregate balance of UZS 5,453,952 million (2023: UZS 3,956,697 million) or 49% (2023: 44%) of total customer accounts.

13. Other borrowed funds

	31 December 2024	*31 December 2023*
Transkapital Ltd.	648,914	-
Export Promotion Agency under Ministry of Investments and Foreign Trade of the Republic of Uzbekistan	188,286	1,082
Landesbank Baden-Wurttemberg	135,443	124,539
JSC Uzbekistan Mortgage Refinancing Company	94,981	20,822
JSC Bank Centercredit KZ	83,660	-
AKA Ausfuhrkredit-Gesellschaft MBH	82,521	103,262
Fund for Financing State Development Programs of the Republic of Uzbekistan under the Cabinet of Ministers of the Republic of Uzbekistan	57,872	21,680
The Central Bank of the Republic of Uzbekistan	48,574	73,169
Ministry of Finance of the Republic of Uzbekistan	16,006	16,305
Raiffeisen Bank International	15,541	-
JSC Halyk Savings Bank of Kazakhstan	13,857	18,048
Landesbank Hessen-Thueringen Girozentrale	-	15,047
Total other borrowed funds	**1,385,655**	**393,954**

In November 2024, JSC Gazprombank assigned the right to receive funds, previously placed as a term deposit within the Group, in the amount of USD 50,000,000 (equivalent to UZS 648,914 million) to Transcapital Ltd. The loan is repayable on 24 January 2025.

In 2024, the Group received loans from Export Promotion Agency under the Ministry of Uzbekistan in the amount of USD 23,000,000 (the equivalent of UZS 286,513 million) with maturity on 7 January 2025.

(in millions of Uzbekistan Soums)

13. Other borrowed funds (continued)

In 2024, the Group entered into loan agreements with JSC Uzbekistan Mortgage Refinance Company and received a total amount of UZS 69,343 million repayable on 10 August 2034.

On 26 July 2024, the Group entered into a loan agreement with JSC Bank CenterCredit and received USD 6,435,800 (equivalent to UZS 83,153 million) which is repayable on 24 July 2026.

In 2023 the Group received EURO 5,950,000 (the equivalent of UZS 75,559 million) from AKA Ausfuhrkredit-Geselschaft MBH under the agreement concluded in July 2022. The maturity period of the loan is 8 years.

In October 2023, the Group received long-term loan from JSC Uzbekistan Mortgage Refinancing Company in the amount of UZS 20,000 million with maturity period of 10 years, including grace period of 3 years.

Special attention is paid to the development of the "green economy" in Uzbekistan. In this regard, a bold step has been taken to increase electricity generation from renewable energy sources. The government, represented by the Central Bank of the Republic of Uzbekistan, allocates resources to finance loans to the population for the installation of solar panels. During 2023, the Group received funds in the amount of UZS 73,194 million for these purposes. The maturity period of the received loans is 3 years.

The Group made redemption of borrowings in the total amount of UZS 220,455 million under the loan agreements with Export Promotion Agency under Ministry of Investments and Foreign Trade of the Republic of Uzbekistan, Central bank of Uzbekistan, JSC Uzbekistan Mortgage Refinance Company, Landesbank Baden-Wurttemberg, Raiffeisen Bank International, AKA Ausfuhrkredit-Gesellschaft MBH and other, including accrued interest.

14. Other liabilities

	31 December 2024	*31 December 2023*
Other financial liabilities		
Payables to suppliers	27,467	2,928
Payables to employees	12,070	5,605
Payable to Deposit Guarantee Fund	8,950	7,640
Provision for credit related commitments	1,625	2,919
Professional service fee payable	1,550	1,884
Other	4,865	1,513
Total other financial liabilities	**56,526**	**22,489**
Other non-financial liabilities		
Deferred income on financial guarantees	7,750	4,875
Taxes other than income tax payable	4,696	951
Other	–	3,027
Total other non-financial liabilities	**12,446**	**8,853**
Total other liabilities	**68,972**	**31,342**

(in millions of Uzbekistan Soums)

15. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

				Non-cash changes		
	1 January 2024	*Financing cash inflows/ (outflow)*	*Interest paid*	*Effect of exchange rate changes*	*Interest accrued*	*31 December 2024*
Other borrowed funds	**393,954**	979,530	(32,348)	3,567	40,952	**1,385,655**

				Non-cash changes		
	1 January 2023	*Financing cash inflows/ (outflow)*	*Interest paid*	*Effect of exchange rate changes*	*Interest accrued*	*31 December 2023*
Other borrowed funds	**317,840**	42,058	(12,889)	30,603	16,342	**393,954**

(in millions of Uzbekistan Soums)

16. Equity

Movements in shares issued and fully paid were as follows:

	Number of authorised shares (units)	*Number of issued shares (units)*	*Shares amount (UZS million)*	*Share premium (UZS million)*	*Total amount*
As at 1 January 2023	**897,524,919**	**884,646,231**	**1,105,789**	**2,105**	**1,107,894**
Capitalization of retained earnings	291,740,530	291,740,530	364,675	–	**364,675**
As at 31 December 2023	**1,189,265,449**	**1,176,386,761**	**1,470,464**	**2,105**	**1,472,569**
Capitalization of retained earnings	–	–	–	–	–
As at 31 December 2024	**1,189,265,449**	**1,176,386,761**	**1,470,464**	**2,105**	**1,472,569**

The share capital of the Bank was contributed by the shareholders in UZS, and they are entitled to dividends and any capital distribution in UZS. Preference shares are non-voting with dividends payable subject to the decision of the Shareholders' Meeting.

At the Shareholders' Meeting on 24 June 2024, the Group declared dividends in respect of the year ended 31 December 2023 in the amount of UZS 572,894 million on ordinary shares (UZS 487 per share). The dividends have been paid to existing shareholders in cash.

At the Shareholders' Meeting on 12 June 2023, the Group declared dividends in respect of the year ended 31 December 2022 in the amount of UZS 428,859 million on ordinary shares (UZS 485 per share). The part of the declared dividends in the amount UZS 364,675 million was capitalized to share capital in proportion to the size of share of ownership of existing shareholders. The remaining UZS 64,184 million has been paid to existing shareholders in cash.

In accordance with Uzbekistan legislation, dividends may only be declared to the shareholders of the Group from accumulated undistributed and unreserved earnings as shown in the Group's financial statements prepared in accordance with local accounting legislation.

Share premium represents the excess of contributions received over the nominal value of shares issued.

17. Interest income and expense

	2024	*2023*
Interest revenue calculated using effective interest rate		
Loans to customers	1,566,009	1,060,583
Cash and cash equivalents	38,445	42,814
Due from other banks	18,742	30,649
Interest income from government obligations	116	–
Interest revenue	**1,623,312**	**1,134,046**
Finance leases	50,205	11,829
Other interest revenue	**50,205**	**11,829**
Total interest revenue	**1,673,517**	**1,145,875**
Interest expense calculated using effective interest rate		
Customer accounts	(433,901)	(238,036)
Due to other banks	(79,528)	(55,689)
Other borrowed funds	(40,952)	(16,342)
Total interest expense	**(554,381)**	**(310,067)**
Net interest income	**1,119,136**	**835,808**

(in millions of Uzbekistan Soums)

18. Fee and commission income and expense

Fee and commission income and expense comprise:

	2024	*2023*
Fee and commission income		
Commission on plastic cards	178,335	111,364
Settlement transactions	169,102	122,018
Commission on foreign currency operations	34,905	25,257
Commission on guarantees	32,602	12,660
Cash transactions	20,208	29,315
International money transfers	5,378	6,867
Commission on letters of credit transactions	1,722	9
Other	164	4,495
Total fee and commission income	**442,415**	**311,985**

	2024	*2023*
Fee and commission expenses		
Commission on plastic cards	(180,598)	(110,624)
Commission on foreign currency operations	(17,579)	(9,469)
Cash collection transactions	(1,603)	(2,038)
Other	(890)	(2,771)
Total fee and commission expenses	**(200,670)**	**(124,902)**

19. Administrative and other operating expenses

	2024	*2023*
Staff costs	208,935	137,933
Depreciation/amortization (*Note 8*)	45,566	40,272
Membership fee	31,413	24,735
Taxes other than income taxes	31,253	20,798
Representation & entertainment	25,719	10,593
Security expenses	19,881	16,135
Repair and maintenance	14,919	8,273
Charity and sponsorship	14,176	10,456
Stationery and office supplies	11,356	11,223
Consultancy and legal services	10,696	8,220
Data processing	8,868	4,529
Communications	5,903	4,729
Occupancy and rent	3,779	3,077
Other operating expenses	21,368	16,741
Administrative and other operating expenses	**453,832**	**317,714**

The compensation of fee charged to the Group for the provision of services by FE Audit Organization "Ernst & Young" LLC during the year covered by the consolidated financial statements is 1,758 m'UZS (excluding VAT) for audit services. No non-audit services were provided to the Group by FE Audit Organization "Ernst & Young" LLC.

20. Income taxes

(a) Components of income tax expense

Income tax expense comprises the following:

	2024	*2023*
Current tax charge	241,876	165,663
Deferred tax benefit	15,257	18,792
Total income tax expense for the year	**257,133**	**184,455**

(in millions of Uzbekistan Soums)

20. Income taxes (continued)

(b) Reconciliation between tax expense and profit or loss multiplied by applicable tax rate

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes. Deferred taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2024 and 2023 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets.

Reconciliation between the expected and the actual taxation charge is provided below.

	2024	*2023*
Profit before tax	**1,211,814**	**873,662**
Theoretical tax charge at the applicable statutory rate – 20%	**242,363**	**174,732**
- Non-deductible expenses	14,484	11,357
- Tax exempt income	(425)	(782)
- Effect of tax rate, different from the rate of 20%	(24)	(32)
- Other	735	(820)
Income tax expense for the year	**257,133**	**184,455**

(in millions of Uzbekistan Soums)

20. Income taxes (continued)

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Uzbekistan give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements on these temporary differences is detailed below and is recorded at the rate of 20% (2023: 20%).

	2024	*(Charged)/ credited to OCI*	*(Charged)/ credited to profit or loss*	2023	*(Charged)/ credited to OCI*	*(Charged)/ credited to profit or loss*	2022
Tax effect of deductible/(taxable) temporary differences							
Loans and advances to customers	(23,231)	-	(14,969)	(8,262)	-	(19,005)	10,743
Premises, equipment and intangible assets	885	-	(192)	1,078	-	(206)	1,284
Other assets	(1,917)	-	(804)	(1,114)	-	(498)	(616)
Cash and cash equivalents	2,130	-	(86)	2,216	-	2,170	46
Due from other banks	(271)	-	(536)	266	-	317	(51)
"Financial assets at fair value through other comprehensive income"	-	2,649	-	(2,649)	190		(2,839)
Other liabilities	282		1,330	(1,048)	-	(1,570)	522
Net deferred tax asset/(liability)	**(22,122)**	**2,649**	**(15,257)**	**(9,513)**	**190**	**(18,792)**	**9,089**
Recognised deferred tax asset	3,297	2,649	1,330	3,560	190	2,487	12,595
Recognised deferred tax liability	(25,419)	-	(16,587)	(13,073)	-	(21,279)	(3,506)
Net deferred tax asset/(liability)	**(22,122)**	**2,649**	**(15,257)**	**(9,513)**	**190**	**(18,792)**	**9,089**

(in millions of Uzbekistan Soums)

21. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the year.

Earnings per share from continuing operations are calculated as follows:

	31 December 2024	*31 December 2023*
Profit for the year attributable to ordinary shareholders	**955,126**	**689,207**
Amounts paid on preference shares	(195)	(150)
Total net profit for the year attributable to ordinary shareholders	**954,931**	**689,057**
Number of ordinary shares in issue (million)	1,176	1,176
Basic and diluted earnings per ordinary share (in UZS per share)	**812**	**586**

Information for the year ended 31 December 2024 was adjusted for the effect of dividend capitalization (*Note 16*).

22. Segment analysis

The Group's operations are single reportable segment.

The Group provides mainly banking services in the Republic of Uzbekistan. The Group identifies the segment in accordance with the criteria set in IFRS 8 *Operating Segment* and based on the way the operations of the Group are regularly reviewed by the chief operating decision maker to analyze performance and allocate resources among business units of the Group.

The chief operating decision-maker ("CODM") has been determined as the Group's Chairman of the Management Board. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources.

The Management has determined a single operating segment being banking services based on these internal reports.

The performance of the segment is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2024 or 2023.

All of the Group's operations and assets are located in the Republic of Uzbekistan.

23. Commitments and contingencies

Operating environment

Uzbekistan economy displays characteristics of an emerging market, including but not limited to, a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets. Also, the banking sector in Uzbekistan is particularly impacted by local political, legislative, fiscal and regulatory developments.

Economic stability in Uzbekistan is largely dependent upon the effectiveness of economic measures undertaken by the Government, together with other legal, regulatory and political developments, all of which are beyond the Group's control.

The Group's financial position and operating results will continue to be affected by future political and economic developments in Uzbekistan including the application and interpretation of existing and future legislation and tax regulations which greatly impact Uzbek financial markets and the economy overall.

(in millions of Uzbekistan Soums)

23. Commitments and contingencies (continued)

Operating environment (continued)

Management of the Group is monitoring developments in the current environment and taking measures it considered necessary in order to support the sustainability and development of the Group's business in the foreseeable future. However, the impact of further economic developments on future operations and financial position of the Group at this stage is difficult to determine. As at 31 December 2024, the Group performed stress-testing by modifying key economic variables. The results of the stress-testing demonstrate a deterioration in the Group's financial indicators (decrease in assets, equity, interest income, growth of the allowances for expected credit losses). At the same time, given that the Group has a sufficient amount of own equity and liquid assets, a significant deterioration of the Group's financial position and violation of regulatory requirements and norms is not predicted.

Influence of domestic political and geopolitical events in the world

Many countries have imposed, and continue to impose, new sanctions on specified Russian entities and individuals.

Sanctions have also been imposed on Belarus.

The situation, together with potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources, will directly impact entities that have significant operations or exposures in, or to, Russia, Belarus or Ukraine. However, the war and its direct and indirect consequences may impact entities other than those with direct interests in the involved countries.

For the purpose of managing the country risk, the Group controls transactions with counterparties within the limits set, which are reviewed regularly.

Inflation and the current economic environment

The impact of the macroeconomic and geopolitical environment has exacerbated inflationary pressures in almost all economies around the world. High and rising energy prices are having a negative impact on the cost of other goods and services, resulting in significant consumer-price increases in many countries.

Prices of many commodities, including food, remain high. In 2024, the inflation rate reached 9.7% in Uzbekistan.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in the stock and currency markets, as well as a significant volatility of UZS against US dollar and Euro.

On 26 July 2024, the Central Bank of Uzbekistan made a decision to lower the refinancing rate from 14% to 13.5% per annum.

The Group continues to assess the effect of these events and changes in economic conditions on its operations, financial position and financial performance.

Current inflationary pressures, macroeconomic and geopolitical uncertainty, including the impacts of the War in Ukraine affect the assumptions and estimation uncertainty associated with the measurement of assets and liabilities.

Legal proceedings

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims, and accordingly no provision has been made in these consolidated financial statements.

Tax contingencies

Uzbekistan tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Uzbekistan tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year when decision about review was made. Under certain circumstances reviews may cover longer periods.

(in millions of Uzbekistan Soums)

23. Commitments and contingencies (continued)

Tax contingencies (continued)

As Uzbekistan tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group.

While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

	31 December 2024	*31 December 2023*
Credit-related commitments		
Guarantees issued	1,277,257	1,341,642
Undrawn credit lines	265,092	204,741
Import letters of credit	98,185	41,841
Commitments and contingencies	**1,640,534**	**1,588,224**
Provision for ECL for credit related commitments	(1,625)	(2,919)
Commitment collaterised by cash deposits (*Note 12*)	(66,501)	(103,806)

Credit related commitments are denominated in currencies as follows:

	31 December 2024	*31 December 2023*
USD	1,389,244	1,289,096
EUR	189,515	9,236
UZS	61,775	289,892
Gross credit related commitments	**1,640,534**	**1,588,224**

(in millions of Uzbekistan Soums)

23. Commitments and contingencies (continued)

Capital commitments

The balance of financial guarantees is allocated to Stage 1. An analysis of changes in the ECL allowances during the years ended 31 December is as follows:

Financial guarantees	*2024*	*2023*
Gross amount as at 1 January	**1,341,642**	**424,032**
New exposures	853,006	1,805,354
Exposures matured	(972,354)	(928,714)
Forex effect	54,964	40,970
As at 31 December	**1,277,257**	**1,341,642**

	2024	*2023*
ECL allowance as at 1 January	**1,856**	**2,800**
New exposures	272	1,824
Exposures matured	(1,582)	(2,768)
As at 31 December	**546**	**1,856**

24. Capital risk management

The Group's objectives when managing capital are (i) to comply with the capital requirements set by the CBU and (ii) to safeguard the Group's ability to continue as a going concern. Compliance with capital adequacy ratios set by the CBU is monitored monthly, with reports outlining their calculation reviewed and signed by the Bank's Chairman and Chief Accountant.

Under the current capital requirements set by the CBU, banks have to maintain ratios of:

- Ratio of regulatory capital to risk weighted assets ("Regulatory capital ratio") above a prescribed minimum level of 13% (31 December 2023: 13%);
- Ratio of Group's tier 1 capital to risk weighted assets ("Capital adequacy ratio") above a prescribed minimum level of 10% (31 December 2023: 10%);

	31 December 2024	*31 December 2023*
Tier 1 capital	3,189,247	2,309,710
Tier 2 capital	-	10,598
Total regulatory capital	**3,189,247**	**2,320,308**
Risk – weighted assets	**14,789,936**	**11,704,176**

25. Fair value of financial instruments

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level 3 measurements are valuations not based on observable market data (that is, unobservable inputs). The Management applies judgement in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(in millions of Uzbekistan Soums)

25. Fair value of financial instruments (continued)

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting year. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used). Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The Group considers that the accounting estimate related to the valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to changes from year to year, as it requires the Management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific features of transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported on the consolidated statement of financial position, as well as, the related profit or loss reported on the consolidated statement of profit or loss, could be material.

Except as detailed in the following table, the management considers that the carrying values of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

(in millions of Uzbekistan Soums)

25. Fair value of financial instruments (continued)

Financial assets/liabilities as of 31 December 2024	*Carrying value*	*Fair value*	*Fair value hierarchy*	*Valuation technique(s) and key input(s)*	*Significant unobservable input(s)*	*Relationship of unobservable inputs to fair value*
Loans to customers	12,707,672	12,439,515	Level 3	Future cash flows are estimated based on average interest rates (from observable Statistical bulletin of the CBU)	Discount rate	The greater discount-the smaller fair value
Due from other banks	101,635	103,186	Level 3	Valuation model based on discounted cash flows	Discount rate	The greater discount-the smaller fair value
Due to other banks	844,492	824,464	Level 3	Valuation model based on discounted cash flows	Discount rate	The greater discount-the smaller fair value
Customer accounts	11,214,693	10,910,777	Level 3	Future cash flows are estimated based on average interest rates (from observable Statistical bulletin of the CBU)	Discount rate	The greater discount-the smaller fair value
Other borrowed funds	1,385,655	1,263,410	Level 3	Valuation model based on discounted cash flows	Discount rate	The greater discount-the smaller fair value

As of 31 December 2024, the Group determined fair value for some of its financial assets and liabilities using the discounted cash flow model by applying CBU statistical bulletin which became open to public starting 2019. Such financial instruments were categorized as Level 3.

For those financial instruments where interest rates were not directly available in the CBU statistical bulletin, the Management used discounted cash flow model by applying market interest rates based on the rates of the deals concluded towards the end of the reporting period, thereby, categorizing such instruments as Level 3.

Financial assets/liabilities as of 31 December 2023	*Carrying value*	*Fair value*	*Fair value hierarchy*	*Valuation technique(s) and key input(s)*	*Significant unobservable input(s)*	*Relationship of unobservable inputs to fair value*
Loans to customers	8,467,685	8,567,133	Level 3	Future cash flows are estimated based on average interest rates (from observable Statistical bulletin of the CBU)	Discount rate	The greater discount-the smaller fair value
Due from other banks	495,580	504,676	Level 3	Valuation model based on discounted cash flows	Discount rate	The greater discount-the smaller fair value
Due to other banks	1,287,921	1,307,265	Level 3	Valuation model based on discounted cash flows	Discount rate	The greater discount-the smaller fair value
Customer accounts	9,019,155	8,759,586	Level 3	Future cash flows are estimated based on average interest rates (from observable Statistical bulletin of the CBU)	Discount rate	The greater discount-the smaller fair value
Other borrowed funds	393,954	350,029	Level 3	Valuation model based on discounted cash flows	Discount rate	The greater discount-the smaller fair value

25. Fair value of financial instruments (continued)

Debt securities

Debt securities are financial instruments issued by the Government and include both long-term bonds with fixed rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Bank uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Bank classifies those securities as Level 2. The Bank does not have Level 3 government securities where valuation inputs would be unobservable.

Equity instruments

The majority of equity instruments are actively traded on stock exchange with readily available active prices on a regular basis. Such instruments are classified as Level 1.

26. Risk management policy

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Credit risk

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties giving rise to financial assets.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of the Group's internal credit rating system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Clients of the Group are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposure migrate between classes as the assessment of their probability of default changes.

(in millions of Uzbekistan Soums)

26. Risk management policy (continued)

Credit risk (continued)

Group's internal ratings grades are as follows:

Internal rating grade	International external rating agency (Fitch) rating	Internal rating description
1	AA+ to AAA	High grade
	AA	
	A+ to AA-	
2	A-	Standard grade
	BBB+	
	BBB	
	BBB-	
	BB+	
	BB- to BB	
	B+	
3	B to B-	Sub-standard grade
	CCC	
	CCC-	
4-5	D	Impaired

31 December 2024	*Note*	*Stage*	*High grade*	*Standard grade*	*Sub-standard grade*	*Impaired*	*Total*
Cash and cash equivalents, except for cash on hand	5	Stage 1	47,033	2,903,033	–	–	**2,950,066**
		Stage 2	–	–	–	–	**–**
		Stage 3	–	–	–	–	**–**
Amounts due from credit institutions	6	Stage 1	–	80,609	21,050	464	**102,123**
		Stage 2	–	–	–	–	**–**
		Stage 3	–	–	–	–	**–**
Loans to customers at amortised cost	8						
- Corporate lending		Stage 1	7,837,230	49,984	–	–	**7,887,214**
		Stage 2	–	–	326,454	–	**326,454**
		Stage 3	–	–	–	21,118	**21,118**
- Consumer lending		Stage 1	4,508,403	1,464	–	–	**4,509,867**
		Stage 2	–	–	3,362	–	**3,362**
		Stage 3	–	–	–	4,506	**4,506**
Other financial assets	15	Stage 1	–	–	5,001	–	**5,001**
		Stage 2	–	–	–	–	**–**
		Stage 3	–	–	–	–	**–**
Financial guarantees	30	Stage 1	–	1,277,257	–	–	**1,277,257**
		Stage 2	–	–	–	–	**–**
		Stage 3	–	–	–	–	**–**
Undrawn loan commitments	30	Stage 1	–	265,092	–	–	**265,092**
		Stage 2	–	–	–	–	**–**
		Stage 3	–	–	–	–	**–**
Letters of credit	30	Stage 1	–	98,185	–	–	**98,185**
		Stage 2	–	–	–	–	**–**
		Stage 3	–	–	–	–	**–**
			12,392,667	**4,675,624**	**355,867**	**26,088**	**17,450,245**

(in millions of Uzbekistan Soums)

26. Risk management policy (continued)

Credit risk (continued)

31 December 2023	*Note*	*Stage*	*High grade*	*Standard grade*	*Sub-standard grade*	*Impaired*	*Total*
Cash and cash equivalents, except for cash on hand	5	Stage 1	53,006	3,278,858	4,377	–	**3,336,241**
		Stage 2	–	–	–	–	–
		Stage 3	–	–	–	17,577	**17,577**
Due from other banks	6	Stage 1	69,979	195,574	231,759	–	**497,312**
		Stage 2	–	–	–	–	–
		Stage 3	–	–	–	343	**343**
Loans to customers at amortized cost	7						
- Corporate lending		Stage 1	–	5,284,344	–	–	**5,284,344**
		Stage 2	–	26	28,096	–	**28,122**
		Stage 3	–	–	–	25,154	**25,154**
- Consumer lending		Stage 1	–	3,201,477	–	–	**3,201,477**
		Stage 2	–	–	–	–	–
		Stage 3	–	–	–	–	–
Other financial assets	10	Stage 1	–	6,207	–	–	**6,207**
		Stage 2	–	–	–	–	–
		Stage 3	–	–	–	–	–
Undrawn loan commitments	23	Stage 1	–	204,741	–	–	**204,741**
		Stage 2	–	–	–	–	–
		Stage 3	–	–	–	–	–
Letters of credit	23	Stage 1	–	41,841	–	–	**41,841**
		Stage 2	–	–	–	–	–
		Stage 3	–	–	–	–	–
Financial guarantees	23	Stage 1	–	1,341,642	–	–	**1,341,642**
		Stage 2	–	–	–	–	–
		Stage 3	–	–	–	–	–
Total			**122,985**	**13,554,710**	**264,232**	**43,074**	**13,985,001**

Loans to customers classified as Stage 1 in accordance with IFRS 9 are shown as Standard grade.

Risk limits control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments.

Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by geographic regions are approved annually by the Bank's Council.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below.

(a) Limits

The Group established a number of credit committees which are responsible for approving credit limits for individual borrowers:

- The Credit Committee of Head office reviews and approves limits up to amount equivalent of 10 percent of Group's Tier 1 capital;
- The Council of the Bank reviews and approves limits above the amount equivalent of 10 percent of Group's Tier 1 capital.

Loan applications, along with financial analysis of loan applicant which includes liquidity, profitability, interest coverage and debt service coverage ratios, originated by the relevant client relationship managers are passed on to the relevant credit committee or Bank Council for approval of credit limit.

26. Risk management policy (continued)

Risk limits control and mitigation policies (continued)

(b) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The collateral types for loans and finance leases are:

- Letter of surety;
- Real estate;
- Equipment and motor vehicles used in borrower's business;
- Insurance policy;
- Goods in inventory;
- Cash deposit.

(c) Concentration of risks of financial assets with credit risk exposure

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. The Group's management focuses on concentration risk.

In order to avoid excessive concentrations of risks, the Group's Credit policy and procedures include specific CBU guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Group's management focuses on concentration risk as follows:

- The maximum risk to single borrower or group of affiliated borrowers shall not exceed 25% of the Group's tier 1 capital;
- The maximum risk for unsecured credits shall not exceed 5% of Group's tier 1 capital;
- The maximum risk for factoring operations should not exceed 5% of the amount of the Group's Tier 1 capital;
- Total amount of all large credits cannot exceed bank's tier 1 capital by more than 5 times; and
- Total loan amount to related party shall not exceed 25% of Group's tier 1 capital;
- The total amount of all loans granted by the Bank to related parties cannot exceed 50% of the capital of a Tier 1 Group's.

In order to monitor credit risk exposures, weekly reports are produced by the credit department's officers based on a structured analysis focusing on the customer's business and financial performance, which includes overdue balances, disbursements and repayments, outstanding balances and maturity of loan and as well as grade of loan and collateral. Any significant exposures against customers with deteriorating creditworthiness are reported to and reviewed by the management daily. Management monitors and follows up past due balances.

Forward-looking information and multiple economic scenarios

In its ECL models, the Group relies on forward-looking information as economic inputs, such as:

- Foreign exchange rates;
- Unemployment rates.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

(in millions of Uzbekistan Soums)

26. Risk management policy (continued)

Credit quality of financial assets

The tables below present information about the significant changes in the gross carrying value and corresponding ECL of loans to customers and other financial assets during the period that contributed to changes in the loss allowance during the year ended 31 December 2024:

Corporate loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2024	**5,284,344**	**28,036**	**25,240**	**5,337,620**
New assets originated or purchased	6,888,286	–	11	**6,888,297**
Assets repaid	(3,963,613)	(114,952)	(30,803)	**(4,109,367)**
Transfers to Stage 1	27,146	(27,146)	–	**–**
Transfers to Stage 2	(440,516)	440,516	–	**–**
Transfers to Stage 3	(23,158)	–	23,158	**–**
Amounts written off	–	–	(13,954)	**(13,954)**
Recovered loans	–	–	17,465	**17,465**
Foreign exchange adjustments	114,724	–	–	**114,724**
As at 31 December 2024	**7,887,214**	**326,454**	**21,118**	**8,234,786**

Corporate loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2024	**48,322**	**3,349**	**7,469**	**59,140**
New assets originated or purchased	24,709	–	–	**24,709**
Assets repaid	(29,831)	(115)	(10,980)	**(40,926)**
Transfers to Stage 1	3,233	(3,233)	–	**–**
Transfers to Stage 2	(8,139)	8,139	–	**–**
Transfers to Stage 3	(2,066)	–	2,066	**–**
Amounts written off	–	–	(13,954)	**(13,954)**
Recovery of written off assets	–	–	17,465	**17,465**
Impact on period end ECL of exposures transferred between stages during the period	(3,174)	7,081	2,534	**6,441**
Net remeasurement of loss allowance	(16,020)	–	–	**(16,020)**
Foreign exchange adjustments	4,035	–	–	**4,035**
As at 31 December 2024	**21,069**	**15,220**	**4,601**	**40,890**

Consumer loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2024	**3,201,477**	**–**	**–**	**3,201,477**
New assets originated or purchased	1,945,131	–	–	**1,945,131**
Assets repaid	(628,873)	–	(53)	**(628,926)**
Transfers to Stage 2	(3,362)	3,362	–	**–**
Transfers to Stage 3	(4,506)	–	4,506	**–**
Recovery of written off assets	–	–	53	**53**
As at 31 December 2024	**4,509,867**	**3,362**	**4,506**	**4,517,735**

(in millions of Uzbekistan Soums)

26. Risk management policy (continued)

Credit quality of financial assets (continued)

Consumer loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2024	**12,272**	–	–	**12,272**
New assets originated or purchased	562	–	–	**562**
Assets repaid	(1,158)	–	(53)	**(1,211)**
Transfers to Stage 2	(51)	51	–	–
Transfers to Stage 3	(20)	–	20	–
Recovery of written off assets	–	–	53	**53**
Impact on period end ECL of exposures transferred between stages during the period	–	842	1,796	**2,638**
Net remeasurement of loss allowance	(10,356)	–	–	**(10,356)**
As at 31 December 2024	**1,250**	**893**	**1,816**	**3,959**

Due from other banks	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2024	**497,239**	–	**342**	**497,581**
New assets originated or purchased	–	–	–	–
Assets repaid	(395,458)	–	–	**(395,458)**
Transfers to Stage 3	1,118	–	(1,118)	–
As at 31 December 2024	**102,899**	–	**(776)**	**102,123**

Due from other banks	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2024	**1,853**	–	**222**	**2,075**
New assets originated or purchased	–	–	–	–
Assets repaid	(1,587)	–	–	**(1,587)**
Transfers to Stage 3	(66)	–	66	–
As at 31 December 2024	**200**	–	**288**	**488**

Cash and cash equivalents	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2024	**124**	–	**11,008**	**11,132**
New assets originated or purchased	1,665	–	–	**1,665**
Assets repaid	(191)	–	(10,824)	**(11,015)**
Foreign exchange adjustments	132	–	(184)	**(52)**
As at 31 December 2024	**1,730**	–	–	**1,730**

The tables below present information about the significant changes in the gross carrying value and corresponding ECL of loans to customers and other financial assets during the period that contributed to changes in the loss allowance during the year ended 31 December 2023:

Corporate loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2023	**3,114,695**	**14,412**	**36,654**	**3,165,761**
New assets originated or purchased	4,191,580	–	–	**4,191,580**
Assets repaid	(2,131,832)	(6,219)	(42,212)	**(2,180,263)**
Transfers to Stage 1	180	(180)	–	–
Transfers to Stage 2	(32,789)	32,789	–	–
Transfers to Stage 3	(31,566)	(12,680)	44,246	–
Amounts written off	–	–	(13,821)	**(13,821)**
Foreign exchange adjustments	174,076	–	287	**174,363**
As at 31 December 2023	**5,284,344**	**28,122**	**25,154**	**5,337,620**

(in millions of Uzbekistan Soums)

26. Risk management policy (continued)

Credit quality of financial assets (continued)

Corporate loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2023	**45,828**	**970**	**18,015**	**64,813**
New assets originated or purchased	37,273	–	–	**37,273**
Assets repaid	(30,512)	(111)	(7,541)	**(38,164)**
Transfers to Stage 1	5	(5)	–	**-**
Transfers to Stage 2	(480)	480	-	**-**
Transfers to Stage 3	(462)	(1,136)	1,598	**-**
Amounts written off	–	–	(10,881)	**(10,881)**
Impact on period end ECL of exposures transferred between stages during the period	(42)	3,153	6,192	**9,303**
Net remeasurement of loss allowance	(6,517)	–	–	**(6,517)**
Foreign exchange adjustments	3,229	–	84	**3,313**
As at 31 December 2023	**48,322**	**3,351**	**7,467**	**59,140**

Consumer loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2023	**2,028,140**	**560**	**999**	**2,029,699**
New assets originated or purchased	1,753,962	–	–	**1,753,962**
Assets repaid	(581,659)	(155)	(370)	**(582,184)**
Transfers to Stage 1	1,034	(405)	(629)	**–**
As at 31 December 2023	**3,201,477**	–	–	**3,201,477**

Consumer loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2023	**10,280**	**140**	**702**	**11,122**
New assets originated or purchased	6,399	–	–	**6,399**
Assets repaid	(2,766)	(10)	(341)	**(3,117)**
Transfers to Stage 1	491	(130)	(361)	**–**
Impact on period end ECL of exposures transferred between stages during the period	(488)	–	–	**(488)**
Net remeasurement of loss allowance	(1,644)	–	–	**(1,644)**
As at 31 December 2023	**12,272**	**-**	**-**	**12,272**

Due from other banks	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2023	**174,173**	–	**9**	**174,182**
New assets originated or purchased	306,412	–	249	**306,661**
Assets repaid	(3,000)	–	–	**(3,000)**
Foreign exchange adjustments	19,728	–	84	**19,812**
As at 31 December 2023	**497,313**	–	**342**	**497,655**

(in millions of Uzbekistan Soums)

26. Risk management policy (continued)

Credit quality of financial assets (continued)

Due from other banks	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2023	**140**	**-**	**6**	**146**
New assets originated or purchased	1,640	-	161	**1,801**
Assets repaid	(29)	-	-	**(29)**
Foreign exchange adjustments	102	-	55	**157**
As at 31 December 2023	**1,853**	**-**	**222**	**2,075**

Cash and cash equivalents	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2023	**231**	**-**	**-**	**231**
New assets originated or purchased	11,017	-	-	**11,017**
Assets repaid	(130)	-	-	**(130)**
Transfer to Stage 3	(11,008)	-	11,008	-
Foreign exchange adjustments	14	-	-	**14**
As at 31 December 2023	**124**	**-**	**11,008**	**11,132**

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk

The table below summarizes the Group's exposure to foreign currency exchange rate risk at the balance sheet date:

	Monetary financial assets	*Monetary financial liabilities*	*Net balance sheet position*
2024			
USD	7,490,226	(7,433,022)	57,204
EUR	771,268	(800,816)	(29,547)
Other	390,556	(383,148)	7,408
Total	**8,652,050**	**(8,616,985)**	**35,065**
2023			
USD	3,916,945	(3,999,610)	(82,665)
EUR	783,607	(783,340)	267
Other	441,655	(432,718)	8,937
Total	**5,142,207**	**(5,215,668)**	**(73,461)**

The Group takes on exposure to the effect of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. In respect of currency risk, the Council sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The Bank's Treasury Department measures its currency risk by matching financial assets and liabilities denominated in same currency and analyses effect of actual annual appreciation/depreciation of that currency against Uzbekistan Soums to the profit and loss of the Group.

The following table presents sensitivities of profit and loss to reasonably possible changes in exchange rates applied at the balance sheet date, with all other variables held constant. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group.

(in millions of Uzbekistan Soums)

26. Risk management policy (continued)

Currency risk (continued)

	At 31 December 2024 impact on profit or loss	At 31 December 2023 impact on profit or loss
US dollars strengthening by 10% (2023:10%)	5,720	(8,267)
US dollars weakening by 10% (2023:10%)	(5,720)	8,267
EUR strengthening by 10% (2023: 10%)	(2,955)	27
EUR weakening by 10% (2023: 10%)	2,955	(27)

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate re-pricing that may be undertaken.

The table below summarizes the Group's exposure to interest rate risks. The table represents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual interest repricing or maturity dates:

	Demand less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*Over 12 months*	*Total*
31 December 2024					
Total interest bearing financial assets	1,034,746	3,367,840	2,639,619	5,806,384	12,848,589
Total interest bearing financial liabilities	3,261,584	575,246	244,009	3,858,177	7,939,016
Net Interest sensitivity gap	**(2,226,837)**	**3,943,086**	**2,883,628**	**9,664,561**	**20,787,605**
31 December 2023					
Total interest bearing financial assets	567,048	2,287,119	1,322,778	4,570,173	**8,747,118**
Total interest bearing financial liabilities	(1,748,792)	(357,023)	(596,167)	(3,289,390)	**(5,991,372)**
Net Interest sensitivity gap	**(1,181,744)**	**1,930,096**	**726,611**	**1,280,783**	**2,755,746**

The Group monitors interest rates for its financial instruments. The table below summarizes interest rates at the respective reporting date based on reports reviewed by key management personnel:

		2024			*2023*	
In %p.a	*UZS*	*USD*	*EUR*	*UZS*	*USD*	*EUR*
Assets						
Cash and cash equivalents	0%	0%	0%	0%	0%	0%
Due from other banks	16%	0%	0%	12%-17%	7%	0%
Loans to customers	1%-34%	0%-14%	3.9%-12%	1%-32%	4%-12%	6%-12%
Liabilities						
Due to other banks	16%-18%	9%	0%	17%	4% -11%	5.5%-7%
Customer accounts	0%-20%	1.5%-8%	0%-3%	0%-17%	1,5%-8%	0%-3%
Other borrowed funds	0%-20%	2%-6.4%	6%-9.6%	0%-15%	2%-5.5%	3.9%-7.1%

(in millions of Uzbekistan Soums)

26. Risk management policy (continued)

Other price risk

There is no active market for equity instruments in Uzbekistan and therefore it is difficult to assess the Group's exposure to equity price risk. The equity investments held by the Group are measured at fair value through other comprehensive income and mainly comprise of investment in Foreign Currency Exchange of the Republic of Uzbekistan; accordingly, the Group's exposure to equity risk is considered to be not significant.

Geographical risk

The geographical concentration of the Group's financial assets and liabilities at 31 December 2024 is set out below:

	Uzbekistan	*OECD*	*Other*	*Total*
Assets				
Cash and cash equivalents	3,126,078	113,519	86,590	**3,326,187**
Due from other banks	21,961	79,496	178	**101,635**
Loans and advances to customers	12,707,672	–	–	**12,707,672**
Debt securities at amortized cost	9,826	–	–	**9,826**
"Financial assets at fair value through other comprehensive income"	29,456	–	–	**29,456**
Other financial assets	5,001	–	–	**5,001**
Total financial assets	**15,899,994**	**193,015**	**86,768**	**16,179,777**
Liabilities				
Due to other banks	842,618	388	1,486	**844,492**
Customer accounts	8,770,379	5,947	2,438,368	**11,214,693**
Other borrowed funds	405,720	233,505	746,430	**1,385,655**
Other financial liabilities	56,526	–	–	**56,526**
Total financial liabilities	**10,075,243**	**239,839**	**3,186,284**	**13,501,366**
Net balance sheet position as 31 December 2024	**5,824,752**	**(46,825)**	**(3,099,516)**	**2,678,411**

The geographical concentration of the Group's financial assets and liabilities at 31 December 2023 is set out below:

	Uzbekistan	*OECD*	*Other*	*Total*
Assets				
Cash and cash equivalents	3,581,232	60,225	18,218	**3,659,675**
Due from other banks	425,485	69,357	738	**495,580**
Loans to customers	8,467,685	–	–	**8,467,685**
Financial assets at fair value through other comprehensive income	18,676	–	–	**18,676**
Other financial assets	1,748	1,863	282	**3,893**
Total financial assets	**12,494,826**	**131,445**	**19,238**	**12,645,509**
Liabilities				
Due to other banks	665,401	432	622,088	**1,287,921**
Customer accounts	9,019,155	–	–	**9,019,155**
Other borrowed funds	133,057	242,849	18,048	**393,954**
Other financial liabilities	22,489	–	–	**22,489**
Total financial liabilities	**9,840,102**	**243,281**	**640,136**	**10,723,519**
Net balance sheet position as 31 December 2023	**2,654,724**	**(111,836)**	**(620,898)**	**1,921,990**

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs, guarantees and from margin and other calls on cash-settled derivative instruments. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Asset/Liability Committee of the Group.

(in millions of Uzbekistan Soums)

26. Risk management policy (continued)

Liquidity risk (continued)

The Group seeks to maintain a stable funding base primarily consisting of amounts due to other banks, corporate and retail customer deposits. The Group invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Group requires consideration of the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans; and monitoring liquidity ratios against regulatory requirements. The Group calculates liquidity ratios on a daily basis in accordance with the requirement of the Central Bank of Uzbekistan.

The Treasury Department receives information about the liquidity profile of the financial assets and liabilities. The Treasury Department then provides for an adequate portfolio of short-term liquid assets, largely made up of short-term liquid trading securities, deposits with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing, under a variety of scenarios covering both normal and more severe market conditions, is performed by the Treasury Department.

The table below shows liabilities at 31 December 2024 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Group expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The undiscounted maturity analysis of financial instruments at 31 December 2024 is as follows:

	Demand less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*Over 12 months*	*Total*
Liabilities					
Due to other banks	268,935	42,112	47,155	584,652	**942,854**
Other borrowed funds	694,347	168,233	120,501	626,978	**1,610,058**
Customer accounts	5,701,488	420,134	156,980	8,857,128	**15,135,730**
Other financial liabilities	56,526	–	–	–	**56,526**
Guarantees issued	255	164,881	680,914	431,207	**1,277,257**
Import letter of credit	4,536	–	93,649	–	**98,185**
Undrawn credit lines	265,092	–	–	–	**265,092**
Total potential future payments for financial obligations	**6,991,179**	**795,360**	**1,099,199**	**10,499,965**	**19,385,702**

The undiscounted maturity analysis of financial instruments at 31 December 2023 is as follows:

	Demand less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*Over 12 months*	*Total*
Liabilities					
Due to other banks	668,992	338,267	26,053	318,082	**1,351,394**
Other borrowed funds	7,670	48,758	13,099	377,531	**447,058**
Customer accounts	5,763,089	359,112	585,340	2,881,664	**9,589,205**
Other financial liabilities	22,489	–	–	–	**22,489**
Guarantees issued	1,341,642	–	–	–	**1,341,642**
Import letter of credit	41,841	–	–	–	**41,841**
Undrawn credit lines	204,741	–	–	–	**204,741**
Total potential future payments for financial obligations	**8,050,464**	**746,137**	**624,492**	**3,577,277**	**12,998,370**

(in millions of Uzbekistan Soums)

26. Risk management policy (continued)

Liquidity risk (continued)

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest and exchange rates.

Management believes that in spite of the fact that a substantial portion of customer accounts is on demand, diversification of these deposits by number and type of depositors, and the past experience of the Group would indicate that these customer accounts provide a long-term and stable source of funding for the Group. Thus, the management believes that significant maturity mismatch between assets and liabilities with maturity up to 12 months and more does not represent significant risk to the Group's liquidity, as very low proportion of due to other banks, demand deposits and short-term deposits is expected to be withdrawn based on the Group's past years and current year experience, which is consistent with the general banking practices in the banking sector of Uzbekistan.

In order to manage liquidity risk, the Group performs daily monitoring of future expected cash flows on clients' and banking operations, which is part of assets/liabilities management process. The Management Board sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Group does not use the above undiscounted maturity analysis to manage liquidity. Instead, the Group monitors expected maturities which may be summarized as follows at 31 December 2024:

	Demand less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*Over 12 months*	*Total*
Assets					
Cash and cash equivalents	3,326,187	–	–	–	**3,326,187**
Due from other banks	79,834	21,801	–	–	**101,635**
Loans to customers	915,630	3,346,039	2,639,619	5,806,384	**12,707,672**
Debt securities at amortized cost	–	–	–	9,826	**9,826**
Financial assets at fair value through other comprehensive income	–	–	–	29,456	**29,456**
Other financial assets	5,001	–	–	–	**5,001**
Total financial assets	**4,326,652**	**3,367,840**	**2,639,619**	**5,845,666**	**16,179,777**
Liabilities					
Due to other banks	264,270	21,000	22,828	536,394	**844,492**
Other borrowed funds	688,505	149,297	102,238	445,615	**1,385,655**
Customer accounts	7,818,642	400,942	124,320	2,870,788	**11,214,693**
Other financial liabilities	56,526	–	–	–	**56,526**
Guarantees issued	255	164,881	680,914	431,207	**1,277,257**
Import letter of credit	4,526	–	93,649	–	**98,185**
Undrawn credit lines	265,092	–	–	–	**265,092**
Total financial liabilities	**9,097,827**	**736,120**	**1,023,949**	**4,284,005**	**15,141,901**
Net liquidity gap	**(4,771,175)**	**2,631,720**	**1,615,670**	**1,561,662**	**1,037,876**
Cumulative liquidity gap at 31 December 2024	**(4,771,175)**	**(2,139,455)**	**(523,785)**	**1,037,876**	

(in millions of Uzbekistan Soums)

26. Risk management policy (continued)

Liquidity risk (continued)

The Group does not use the above undiscounted maturity analysis to manage liquidity. Instead, the Group monitors expected maturities which may be summarised as follows at 31 December 2023:

	Demand less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*Over 12 months*	*Total*
Assets					
Cash and cash equivalents	3,659,675	–	–	–	**3,659,675**
Due from other banks	203,510	270,281	21,789	–	**495,580**
Loans to customers	574,617	2,170,535	1,345,739	4,376,794	**8,467,685**
Financial assets at fair value through other comprehensive income	–	–	–	18,676	**18,676**
Other financial assets	3,893	–	–	–	**3,893**
Total financial assets	**4,441,695**	**2,440,816**	**1,367,528**	**4,395,470**	**12,645,509**
Liabilities					
Due to other banks	663,294	322,400	12,000	290,227	**1,287,921**
Other borrowed funds	5,227	37,180	–	351,547	**393,954**
Customer accounts	5,734,386	224,149	427,785	2,632,835	**9,019,155**
Other financial liabilities	22,489	–	–	–	**22,489**
Guarantees issued	17	309,395	459,490	572,740	**1,341,642**
Import letter of credit	615	17,696	–	23,530	**41,841**
Undrawn credit lines	204,741	–	–	–	**204,741**
Total financial liabilities	**6,630,769**	**910,820**	**899,275**	**3,870,879**	**12,311,743**
Net liquidity gap	**(2,189,074)**	**1,529,996**	**468,253**	**524,591**	**333,766**
Cumulative liquidity gap at 31 December 2023	**(2,189,074)**	**(659,078)**	**(190,825)**	**333,766**	**-**

27. Related party transactions

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial decision, operational decisions or have significant contractual relationships. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties – include shareholders with significant influence over the Group, management (members of the Management Board and key management personnel of the Group) and companies in which shareholders with significant influence over the Group or management of the Group have control over any of these companies.

All transactions with related parties and other related parties were at arm's length.

At 31 December of 2024 and 2023, the outstanding balances of related parties are as follows:

	2024			*2023*		
	Shareholders	*Key management personnel*	*Other related parties*	*Shareholders*	*Key management personnel*	*Other related parties*
Gross amount of loans to customers (contractual interest rate: 10%-26%)	–	11,746	511,538	–	4,212	549,080
Impairment provision for loans to customers	–	(3)	(606)	–	(13)	(5,198)
Customer accounts	26,684	1,792	26,545	16,395	2,981	88,616
Other assets	–	66	10,100	–	88	5,748
Commitments	–	–	–	–	–	–

(in millions of Uzbekistan Soums)

27. Related party transactions (continued)

The income and expense arising from related party transactions are as follows:

	2024			*2023*		
	Shareholders	*Key management personnel*	*Other related parties*	*Shareholders*	*Key management personnel*	*Other related parties*
Interest income on loans to customers	–	995	65,558	–	898	41,943
Fee and commission income	27	–	2,854	53	–	3,361

As at 31 December 2024, loans to customers balances with other related parties were as follows:

Borrower name	*Interest rate*	*Maturity date*	*2024*
"YANIS CPH"	10%-10%	09-10-26	157,256
"ARC BALANCE"	23%-23%	29-08-25	147,010
LOGISTICS ORIENT	23%-23%	05-12-25	118,237
"EASY FINANS MIKROMOLIYA TASHKILOTI"	23%-23%	04-12-25	37,076
ORIENT GROUP MANAGEMENT	20.99%-20.99%	05-02-25	28,354
"TOK BOR"	10%-12%	06-10-27	23,270
"INTERNATIONAL MONITORING GROUP"	24%-26%	10-12-25	304
"QUALITY CARE"	12%-12%	17-01-25	31
Total loans to customers:			**511,538**

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As at 31 December 2023, loans to customers balances with other related parties were as follows:

Borrower name	*Interest rate*	*Maturity date*	*2023*
"Orient Group Management" LLC	8.75%-20.99%	25 December 2024	369,689
"Yanis CPH" LLC	10%	9 October 2026	164,740
"Tok Bor" LLC	10%-12%	24 July 2026	12,811
"Bright-Development" LLC	7.99%	25 November 2024	1,397
"Befit-Eco" LLC	8%	23 January 2026	443
Total loans to customers:			**549,080**

Compensation of key management personnel is comprised of following:

	2024	*2023*
Salaries and other benefits	13,539	5,138
Total key management personnel compensation	**13,539**	**5,138**

28. Subsidiaries

These consolidated financial statements include the following subsidiaries as at 31 December 2024 and 2023:

Name	*Country of operation*	*Proportion of ownership interest/voting rights (%)* 31 December 2024	31 December 2023	*Type of operation*
"OFB Lizing" LLC	Uzbekistan	100	100	Leasing
"OFB Moliya" LLC	Uzbekistan	100	–	Leasing
"Raqamli Biznes Agregator" JSC	Uzbekistan	90	–	Software and app development

(in millions of Uzbekistan Soums)

28. Subsidiaries (continued)

On 17 September 2024, the Group acquired 90% of the voting shares of "Raqamli Biznes Agregator" JSC, a non-listed company specialising in software and app development. A cash consideration of UZS 9,000 million was paid for the interests acquired. The fair value of the net assets of "Raqamli Biznes Agregator" JSC at this date was UZS 8,895 million. The fair value of non-controlling share is UZS 890 million.

On 19 August 2024, the Group established a new company "OFB Moliya" LLC, a non-listed company specializing in Islamic financing. The establishment of this company aligns with the Group's strategy to diversify its portfolio and expand its presence in the growing Islamic finance sector.

29. Events after the reporting period

Subsequent to the reporting date, the Group declared dividends in respect of the year ended 31 December 2023 in the amount of UZS 493,642 million on ordinary shares (UZS 420 per share). The declared dividends were capitalized to share capital in proportion to the size of share of ownership of existing shareholders.

Subsequent to the reporting date, the Group received new tranches under the loan agreement with Landesbank Baden-Wurttemberg in the amount of EUR 13,200,000 (equivalent to UZS 183,596 million).