

Consolidated financial statements and independent auditor's report

for the year ended 31 December 2024



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Statement of management's responsibilities for the preparation and approval of the consolidated financial statements for the year ended 31 December 2024

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of Joint Stock Commercial "Xalq Bank" and its subsidiaries (together referred to as "the Group") as at 31 December 2024 and the results of its operations, cash flows and changes in shareholders' equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

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

- ▶ Properly selecting and applying accounting policies;
- ▶ Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- ▶ Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- ▶ Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- ▶ Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- ▶ Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated statement of financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- ▶ Maintaining statutory accounting records in compliance with legislation and accounting policies of the Republic of Uzbekistan;
- ▶ Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- ▶ Preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved by the management on 23 May 2025.

On behalf of the management:

Shuhrat Atabaev
Chairman of the Management Board



23 May 2025

Tashkent, Uzbekistan

Ruslan Sabirov
Chief Accountant

23 May 2025

Independent auditor's report

To the Shareholders and Supervisory Board of Joint Stock Commercial "Xalq Bank"

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Joint Stock Commercial "Xalq Bank" (hereinafter, the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of 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.



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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 the matter below, our description of how our audit addressed this 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 this matter. 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 matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for impairment of loans to customers</p> <p>Given the significance of the allowance for impairment of loans to customers to the Group's financial position, the complexity and judgments related to the estimation of expected credit losses ("ECL") under IFRS 9 Financial Instruments ("IFRS 9"), we considered this area as a key audit matter.</p> <p>The Group exercises significant judgment and applies estimation techniques to determine probability of default, projected exposure at default and loss arising at default, considering observed historical data, current economic situation and available forward-looking information. The calculation of ECL for financial assets on an individual basis requires scenario analysis of the estimated future cash flows considering current and projected financial performance of the borrowers and value of collateral.</p> <p>Information on the allowance for impairment of loans and the management's approach to assessing the allowance for impairment of loans and managing credit risk is disclosed in Notes 4 and 22 to the consolidated financial statements.</p>	<p>Our audit procedures, among others, comprised the following:</p> <ul style="list-style-type: none">➤ We evaluated the methodology developed by the Group for the calculation of ECL on loans to customers;➤ We tested input data used for the calculation of ECL;➤ We tested controls over the customer lending process;➤ We tested controls over identification of overdue debts;➤ We considered the appropriateness of the Group's definition of default and criteria for significant increase in credit risk and consistency of their application in accordance with methodology;➤ We tested information produced by the Group and used in development of assumptions in the calculation of ECL. We analysed indicators such as default, significant increase in credit risk, probability of default, loss given defaults, recoveries and macroeconomic indicators, which directly affect the amounts of allowance for impairment of loans and advances to customers;

- We assessed the disclosures in the consolidated financial statements on the allowance for impairment of loans to customers, including disclosures related to significant estimates, credit risk and judgements.

Other information included in Group's 2024 Annual Report

Other information consists of the information included in Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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



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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.

We communicate with 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 those charged with governance 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 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, Supervisory Board, and the risk management function was not subordinated to, and did not report to, divisions taking relevant risks;



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- 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 Supervisory Board and included observations made by the Bank's internal audit function in respect of internal control systems;
- as at 31 December 2024, the Bank established Information security function, and the information security policy was approved by the Bank's management board. Information security function was subordinated to and reported directly to the Chairman of the management board;
- reports by the Bank's Information security function to the Chairman of the management board during 2024 included assessment and analysis of information security risks, and results of actions to manage such risks;
- the Bank's internal documentation, effective on 31 December 2024, establishing the procedures and methodologies for identifying and managing credit risk, market risk, liquidity risk, operational risk, country risk, legal risk, reputational risk, fraud risk (hereinafter "significant risks"), and for stress-testing, was approved by the authorised management bodies of the Bank;
- as at 31 December 2024, the Bank maintained a system for reporting on the Bank's significant risks, and on the Bank's capital;
- the frequency of reports prepared by the Bank's risk management and internal audit functions during 2024, which cover the Bank's significant risks management, was in compliance with the Bank's internal documentation. The reports included observations made by the Bank's risk management and internal audit functions as to their assessment of the Bank's significant risks and risk management system, and recommendations for improvement;
- as at 31 December 2024, 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, 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.



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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 Anvar Azamov.

Tashkent, Uzbekistan
23 May 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

Anvar Azamov

Anvar Azamov
Engagement partner / Qualified auditor

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

Consolidated statement of financial position

as at 31 December 2024

(millions of Uzbek soums)

	Notes	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	3	4 171 841	2 905 512
Amounts due from credit institutions	3	2 032 141	2 528 225
Loans to customers	4	26 822 670	21 342 202
Investment securities	5	8 405 621	4 397 919
<i>including pledged under REPO</i>		2 102 550	1 840 402
Property and equipment and intangible assets	6	1 112 835	1 050 200
Insurance assets		814	1 652
Deferred income tax assets	7	1 026 919	1 126 254
Other assets	9	229 664	215 849
Repossessed assets	10	776 429	495 983
Total assets		44 578 934	34 063 796
Liabilities			
Amounts due to credit institutions	11	3 032 676	2 645 815
Amounts due to customers	12	8 252 126	5 847 069
Other borrowed funds	13	16 549 839	13 541 541
Subordinated loans	14	188 171	790 562
Accumulated pension fund liabilities	15	8 556 158	7 383 658
Insurance liabilities		75 930	45 508
Other liabilities	9	196 093	175 634
Total liabilities		36 850 993	30 429 787
Equity			
Share capital	16	9 597 308	7 748 302
Other component of equity	16	1 570 000	-
Accumulated deficit		(3 439 367)	(4 114 293)
Total equity		7 727 941	3 634 009
Total equity and liabilities		44 578 934	34 063 796

Signed and authorised for release on behalf of the Management Board of the Bank



Shuhrat Atabaev

Ruslan Sabirov

(Handwritten signatures in blue ink)

Chairman of the Management Board

Chief Accountant

23 May 2025

Consolidated statement of comprehensive income

for the year ended 31 December 2024

(millions of Uzbek soums)

	Notes	2024	2023
Interest income calculated at the effective interest rate	18	5 832 922	4 797 004
Interest expense calculated at the effective interest rate	18	(2 272 763)	(1 659 253)
Net interest income		3 560 159	3 137 751
Credit loss expense on interest bearing assets	8	(535 771)	(621 107)
Initial recognition adjustment on interest bearing assets		(38 261)	(40 540)
Net interest income (expense) after credit loss expense and initial recognition of financial instruments		2 986 127	2 476 104
Distribution of income to the participants of accumulated pension fund and to the reserve fund	15	(1 184 270)	(942 601)
Fee and commission income	19	933 784	677 630
Fee and commission expense	19	(344 103)	(192 460)
<i>Net gains/(losses) from foreign currencies:</i>			
- dealing		88 366	318 982
- translation differences		(8 412)	12 934
Dividend income		3 589	2 484
Change in value of repossessed assets	10	(49 490)	(87 527)
Other income	20	242 230	51 544
Other impairment and provisions		(5 334)	4 797
Income from insurance activities		73 480	27 001
Expenses incurred from insurance activities		(85 558)	(37 200)
Personnel and other operating expenses	21	(1 869 220)	(1 745 195)
Net non-interest expense		(2 204 938)	(1 909 611)
Income/(Loss) before income tax expense		781 189	566 493
(Expense)/income tax benefit	7	(100 551)	(72 271)
Income/(loss) for the year attributable to the Shareholders		680 638	494 222
Other comprehensive income/ (loss)		-	-
Total comprehensive income/(loss) for the year attributable to the Shareholders		680 638	494 222
Total basic and diluted earnings per common share (UZS per share)	16	72	65

Signed and authorised for release on behalf of the Management Board of the Bank



Shuhrat Atabaev

(Handwritten signature of Shuhrat Atabaev)

Chairman of the Management Board

Ruslan Sabirov

(Handwritten signature of Ruslan Sabirov)

Chief Accountant

23 May 2025

**Consolidated statement of changes in equity
for the year ended 31 December 2024**

(millions of Uzbek Soums)

	Notes	Share capital	Other compo- nent of equity	Accumulated deficit	Total equity
1 January 2023 года		7 433 380	(85 078)	(4 608 515)	2 739 787
Income for the year		-	-	494 222	494 222
Issuance of share capital	16	400 000	-	-	400 000
Reduction of share capital	16	(85 078)	85 078	-	-
31 December 2023		7 748 302	-	(4 114 293)	3 634 009
Income for the year		-	-	680 638	680 638
Shareholder contribution	16	-	1 570 000	-	1 570 000
Repayment of dividends		-	-	(5 712)	(5 712)
Issuance of share capital	16	1 849 006	-	-	1 849 006
31 December 2024		9 597 308	1 570 000	(3 439 367)	7 727 941

Signed and authorised for release on behalf of the Management Board of the Bank



Shuhrat Atabaev

Ruslan Sabirov

[Handwritten signature of Shuhrat Atabaev]

[Handwritten signature of Ruslan Sabirov]

Chairman of the Management Board

Chief Accountant

23 May 2025

Consolidated statement of cash flows

for the year ended 31 December 2024

(millions of Uzbek Soums)

	Notes	2024	2023
Cash flows from operating activities			
Interest received		6 403 718	4 771 246
Interest paid		(2 036 074)	(1 551 180)
Fee and commission received		944 369	686 625
Fee and commission paid		(344 103)	(192 460)
Insurance operations income received		73 480	27 001
Insurance operations expense paid		(85 558)	(32 700)
Net receipt from trading in foreign currencies		79 661	347 365
Other operating income received		73 396	24 700
Staff costs paid		(1 188 519)	(1 100 726)
Administrative and other operating expenses paid		(468 835)	(472 772)
Income tax paid		(1 216)	(2 177)
Cash flows from operating activities before changes in operating assets and liabilities		3 450 319	2 500 422
<i>Net (increase)/decrease in operating assets</i>			
Amounts due from credit institutions		523 338	(695 467)
Loans to customers		(6 540 789)	(4 670 226)
Insurance assets		838	199
Other assets		(64 893)	(100 402)
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to credit institutions		354 164	(337 602)
Amounts due to customers		2 155 059	(357 995)
Accumulated pension fund liabilities	15	6 000	(1 835)
Insurance liabilities		30 422	19 876
Other liabilities		(44 410)	48 089
Net cash flows from operating activities		(129 952)	(3 594 941)
Cash flows from investing activities			
Purchase of investment securities		(9 525 689)	(7 220 527)
Proceeds from redemption of investment securities		5 369 750	7 038 757
Purchase of property and equipment		(332 907)	(231 904)
Proceeds from sale of property and equipment		220 375	97 662
Dividend income received		3 589	2 484
Net cash used in investing activities		(4 264 882)	(313 528)

The accompanying notes are an integral part of these consolidated financial statements

**Consolidated statement of cash flows
for the year ended 31 December 2024**

(millions of Uzbek Soums)

	Notes	2024	2023
Cash flows from financing activities			
Proceeds from issue of share capital	16	700 000	400 000
Repayment of dividends		(5 712)	-
Redemption of subordinated debt	14, 28	(66 796)	(1 892)
Proceeds from other borrowed funds	27	6 564 510	6 551 246
Repayment of other borrowed funds	27	(1 561 135)	(3 198 311)
Net cash from financing activities		5 630 867	3 751 043
Effect of changes in foreign exchange rates on cash and cash equivalents		28 726	93 005
Effect of expected credit losses on cash and cash equivalents	8	1 570	(1 966)
Net increase/(decrease) in cash and cash equivalents		1 266 329	(66 387)
Cash and cash equivalents, beginning		2 905 512	2 971 899
Cash and cash equivalents, ending	3	4 171 841	2 905 512

Signed and authorised for release on behalf of the Management Board of the Bank



Shuhrat Atabaev

Shuhrat Atabaev

Ruslan Sabirov

Ruslan Sabirov

Chairman of the Management Board

Chief Accountant

23 May 2025

(millions of Uzbek Soums)

1. Principal activities

Xalq Bank Group (hereinafter – the “Group”) includes:

- Joint Stock Commercial Xalq Bank (hereinafter – the “Bank”), which is a parent company, and
- Xalq Sugurta LLC;
- Xalq Leasing LLC.

Xalq Leasing LLC was established in accordance with the legislation of the Republic of Uzbekistan on October 25, 2023. The company is registered at the address: Republic of Uzbekistan, Tashkent, Katortol st., 46. The main activity of the company is leasing activities. The authorized capital of the company is UZS 10 000 million.

As at 31 December, the following shareholders own the issued shares of the Bank:

Shareholder	2024, %	2023, %
The Fund for Reconstruction and Development of the Republic of Uzbekistan	79,23	74,42
The Ministry of Finance of the Republic of Uzbekistan	20,77	25,58
Total	100	100

The ultimate shareholder and controlling party of the Bank is the Government of the Republic of Uzbekistan.

State Commercial Xalq Bank was formed by the Decree of the Government of the Republic of Uzbekistan dated October 4, 1995. Based on the Decree of the President of the Republic of Uzbekistan No. PD-4720 dated April 24, 2015 “On measures to introduce modern methods of corporate governance in joint-stock companies”, the name of the Bank was renamed to “Xalq bank”. The Bank conducts banking operations under the License №25 as of December 25, 2021 issued by the Central Bank of the Republic of Uzbekistan (hereinafter – the “CBU”).

The Bank is the only bank in the Republic of Uzbekistan that has the right to receive, accumulate and manage the accumulated pension funds of individuals in accordance with the Law of the Republic of Uzbekistan No. 702-II “On the accumulated pension fund” dated December 2, 2004.

Since 1 July 2017 in accordance with the Decree of the President of the Republic of Uzbekistan No. PD-2826 dated March 13, 2017 “On measures on improvement of state pensions and social securities distribution” the Bank is the only bank in the Republic of Uzbekistan that has the right to distribute state pensions and social securities to citizens.

The Bank has the widest branch network in the Republic of Uzbekistan, including 236 banking service centers (31 December 2023: 271 banking service centers) in all 14 regions of the country. All branches of the Bank were reorganized into banking service centers in 2023. The Bank employs more than 7,3 thousand people (31 December 2023: more than 7,9 thousand).

Since 2019 the Bank has been involved in subsidized lending under government programs for family business development. Besides the Bank is the main or the only lender in various social programs aimed at socially responsible investing: women in business, youth is our future, low-income families support, etc.

The Bank conducts a significant share of operations with the government (the CBU and the Ministry of Finance of the Republic of Uzbekistan) and government-related financial institutions including investments in debt securities, REPO transactions, other lending and borrowing operations. The Bank also provides services to corporate clients and local and international financial institutions including corporate lending, letter of credit settlement schemes participation, interbank placements and borrowings.

The Bank’s main office and registered legal address is Katartol street 46, Chilanzar district, Tashkent.

In February 2025 Fitch Ratings affirmed Long Term/Short Term Issuer Default Ratings at BB-/B with stable outlooks.

These consolidated financial statements were authorised for issue by the Management Board of the Group on 23 May 2025.

(millions of Uzbek Soums)

2. Basis of preparation

(a) General

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

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue

in operation for the foreseeable future.

The Group maintains its accounting records in accordance with the respective laws of the Republic of Uzbekistan. These consolidated financial statements have been prepared from statutory accounting records and have been adjusted to conform to IFRS.

The Group presents its consolidated statement of financial position broadly in decreasing order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 24.

(b) Economic environment in the Republic of Uzbekistan

The Group operates in the Republic of Uzbekistan. The economy of Uzbekistan shows the characteristic features inherent in emerging markets. The legal, tax and administrative systems are subject to frequent changes and are subject to varying interpretations.

During 2023, the economy of Uzbekistan adapted to external conditions. The impact of external economic risks turned out to be relatively short-term and less significant compared to initial estimates, which was reflected in the growth of foreign exchange earnings from exports and cross-border money transfers. Along with expectations of a favorable price environment in foreign markets, a high level of uncertainty and risks associated with a deterioration in forecasts for the growth of the global economy and the economies of the main trading partners remain. During 2024 inflation amounted to 9.8%. In 2024, economic growth was 6.5%. According to the base scenario, the expected inflation rate in 2025 will be 7-8%.

The banking sector has been developing in accordance with the five-year strategy published by the government in May 2020. This strategy aims to improve the efficiency of the banking system and envisages a large-scale business transformation of most state-owned banks, followed by their privatisation within the next few years. After the privatisation, the share of private and foreign banks should reach 60% of system assets by end-2025, from below 35% currently.

However, Uzbekistan's banking sector is still dominated by state-owned banks, although their market shares have slightly decreased in the past two years due to moderated lending growth, scaling back of directed lending and intensified competition from private and foreign banks in SME and retail segments. High dollarisation of assets and liabilities remains a structural weakness of the Uzbek banking sector. Recent soum exchange-rate volatility and risks of a potential weakening of the local currency due to weakened external conditions might put additional pressure on banks' borrowers, whose incomes and debt service ability have already been weakened.

These consolidated financial statements reflect the Group's management's assessment of the possible impact of the current business environment on the results of operations and financial position of the Group. Subsequent developments in the operating environment may differ from management's estimate.

(c) Functional and presentation currency

The functional currency of the Bank and its subsidiary is the Uzbek Soum ("UZS"), which, being the national currency of the Republic of Uzbekistan, best reflects the economic substance of most of the Group's transactions and related liabilities affecting its operations.

These consolidated financial statements are presented in millions of UZS unless otherwise indicated.

(millions of Uzbek Soums)

2. Basis of preparation (continued)

(d) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except of financial instruments measured at fair value through other comprehensive income.

(e) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Key estimates and assumptions about future events and other principal sources of uncertainty as at the date of the consolidated financial statements that could cause significant adjustments to the carrying amounts of assets and liabilities include:

- Notes 4 and 22: estimation of credit loss allowances on financial instruments. Credit loss allowances for financial instruments are measured at either 12-month expected credit losses (ECL) or lifetime ECL, depending on whether there has been a significant increase in credit risk (SICR) from the date of initial recognition of that financial instrument. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. In addition, large-scale business disruptions may give rise to liquidity issues for some entities and consumers (e.g. armed conflict in Ukraine, etc.). Besides ECL models involve the inclusion of forward-looking information.

- Notes 4 and 13: estimation of fair values of preferential borrowings and related lending programs at initial recognition. The Group obtains long term financing from government and international financial institutions at interest rates at which such institutions ordinarily lend in emerging markets, and which may be lower than rates at which the Group could source the funds from local lenders. As a result of this financing, the Group is able to advance funds to specific customers at advantageous rates. Management has considered whether gains or losses should arise on initial recognition of these instruments and its judgment is that these funds and the related lending are at the market rates and no initial recognition gains or losses should arise. In making this judgment management also considered that these instruments are a separate market sector.

Note 7: recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.

(f) Change in accounting policy

Material accounting policies are disclosed in Note 29.

A number of amendments to standards became effective for annual periods beginning 1 January 2024 and did not have a material impact on the Group's consolidated financial statements.

(millions of Uzbek Soums)

3. Cash and cash equivalents and amounts due from credit institutions

As at 31 December 2024 and 2023 cash and cash equivalents comprise:

	31 December 2024	31 December 2023
Cash on hand	2 289 243	1 692 766
Current accounts with the Central Bank	613 045	247 951
Amounts due from credit institutions:		
– current accounts	723 864	363 614
– term deposits with a maturity of three months or less from the date of placement	547 530	604 592
Cash and cash equivalents before impairment allowance	4 173 682	2 908 923
Less impairment allowance	(1 841)	(3 411)
Cash and cash equivalents after impairment allowance	4 171 841	2 905 512

Cash and cash equivalents are neither impaired nor overdue.

As at 31 December 2024 and 2023 amounts due from credit institutions comprise:

	31 December 2024	31 December 2023
Mandatory reserve with the CBU	–	19 428
Term deposits with a maturity of more than three months from the date of placement	2 053 608	2 531 115
Amounts due from credit institutions before impairment allowance	2 053 608	2 550 543
Less impairment allowance	(21 467)	(22 318)
Amounts due from credit institutions after impairment allowance	2 032 141	2 528 225

According to the requirements of the CBU, credit institutions place interest-free current deposits on the accounts of the CBU (mandatory reserves) in an amount depending on the volume of customer funds attracted by the credit institution. The availability to return these deposits is significantly limited by applicable law.

As at 31 December 2024 amortised cost of amounts due from credit institutions classified in Stage 1 equals to UZS 2 032 141 million (31 December 2023: Stage 1 – UZS 2 528 225 million).

As at 31 December 2024 credit quality of amounts due from credit institutions, except of balances due from the CBU, is presented below:

	Current accounts	Term deposits
Credit rating		
AAA–A	361 423	532 414
BBB–BB	32 945	1 388 504
B	19 724	618 031
Not rated	309 772	62 189
Before impairment allowance	723 864	2 601 138
Less impairment allowance	(1 403)	(21 494)
After impairment allowance	722 461	2 579 644

(millions of Uzbek Soums)

3. Cash and cash equivalents and amounts due from credit institutions (continued)

As at 31 December 2023 credit quality of amounts due from credit institutions, except of balances due from the CBU, is presented below:

	Current accounts	Term deposits
Credit rating		
AAA-A	159 341	-
BBB-BB	14 649	3 040 571
B	11 813	34 939
CCC-C	-	7 750
Not rated	177 811	52 447
Before impairment allowance	363 614	3 135 707
Less impairment allowance	(3 022)	(22 707)
After impairment allowance	360 592	3 113 000

As at 31 December 2024, amortised cost of term deposits with a maturity of more than three months from the date of placement in the amount of UZS 1 893 616 million or 93,18% of total funds due from credit institutions (31 December 2023: UZS 2 371 094 million or 96,53%) represent funds due from five credit institutions, excluding funds from the CBU.

4. Loans to customers

As at 31 December 2024 and 2023 loans to customers comprise the following:

	31 December 2024	31 December 2023
Loans to corporate clients		
Private companies	8 404 121	9 562 692
State-owned companies	1 305 810	689 757
Loans to corporate clients before impairment allowance	9 709 931	10 252 449
Less impairment allowance (ECL)	(3 164 417)	(3 437 408)
Loans to corporate clients after impairment allowance	6 545 514	6 815 041
Loans to individuals		
Social lending programs, except for mortgage, and other loans	10 341 768	7 189 740
Mortgage loans	9 197 906	6 716 021
Education loans	1 939 439	1 544 304
Consumer loans	184 041	317 284
Credit card loans	75 099	128 993
Auto loans	77 041	52 852
Loans to individuals before impairment allowance	21 815 294	15 949 194
Less impairment allowance (ECL)	(1 538 138)	(1 422 033)
Loans to individuals before impairment allowance	20 277 156	14 527 161
Total loans to customers before impairment allowance	31 525 225	26 201 643
Less impairment allowance (ECL)	(4 702 555)	(4 859 441)
Total loans to customers after impairment allowance	26 822 670	21 342 202
ECL, %	14,92%	18,54%

(millions of Uzbek Soums)

4. Loans to customers (continued)

(i) Loans to corporate clients – Private companies

An analysis of changes in the gross carrying amount and corresponding ECL in relation to loans issued to private companies during the year ended 31 December 2024 is as follows:

Private companies	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	3 048 053	1 831 634	4 683 005	9 562 692
Originated	2 492 886	-	-	2 492 886
Derecognised	(1 180 583)	(446 130)	(949 770)	(2 576 483)
To stage 1	354 538	(177 826)	(176 712)	-
To stage 2	(524 473)	694 962	(170 489)	-
To stage 3	(746 576)	(444 648)	1 191 224	-
Written-off	-	-	(1 396 768)	(1 396 768)
Unwinding effect	-	-	273 815	273 815
Foreign currency exchange rate effect	31 042	12 743	4 195	47 980
31 December 2024	3 474 887	1 470 735	3 458 499	8 404 121

Private companies	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	162 865	559 951	2 432 822	3 155 638
Originated	271 278	-	-	271 278
Derecognised	(129 243)	(24 068)	(921 773)	(1 075 084)
To stage 1	183 870	(81 940)	(101 930)	-
To stage 2	(55 187)	167 765	(112 578)	-
To stage 3	(157 732)	(168 209)	325 941	-
Written-off	-	-	(1 396 768)	(1 396 768)
Received previously written-off	-	-	764 700	764 700
ECL remeasurement	(80 486)	(53 466)	1 279 927	1 145 975
Unwinding effect	-	-	273 815	273 815
Foreign currency exchange rate effect	2 937	1 954	(351)	4 540
31 December 2024	198 302	401 987	2 543 805	3 144 094

An analysis of changes in the gross carrying amount and corresponding ECL in relation to loans issued to private companies during the year ended 31 December 2023 is as follows:

Private companies	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	4 711 633	2 285 237	4 103 427	11 100 297
Originated	1 837 096	-	-	1 837 096
Derecognised	(1 760 296)	(581 746)	(621 055)	(2 963 097)
To stage 1	329 092	(315 985)	(13 107)	-
To stage 2	(709 789)	1 398 881	(689 092)	-
To stage 3	(1 467 091)	(1 056 278)	2 523 369	-
Written-off	-	-	(954 082)	(954 082)
Unwinding effect	-	-	148 389	148 389
Foreign currency exchange rate effect	107 408	101 523	185 155	394 086
31 December 2023	3 048 053	1 831 632	4 683 004	9 562 689

(millions of Uzbek Soums)

4. Loans to customers (continued)

Private companies	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	439 811	748 383	2 040 410	3 228 604
Originated	165 413	-	-	165 413
Derecognised	(63 764)	(40 650)	(473 372)	(577 786)
To stage 1	176 455	(135 661)	(40 794)	-
To stage 2	(99 611)	405 515	(305 904)	-
To stage 3	(187 112)	(397 854)	584 966	-
Written-off	-	-	(954 082)	(954 082)
Received previously written-off	-	-	384 620	384 620
ECL remeasurement	(269 290)	(20 691)	1 046 930	756 949
Unwinding effect	-	-	148 389	148 389
Foreign currency exchange rate effect	962	909	1 659	3 530
31 December 2023	162 864	559 951	2 432 822	3 155 637

An analysis of credit quality of loans issued to private companies as at 31 December 2024 is as follows:

Private companies	Stage 1	Stage 2	Stage 3	Total
not overdue	2 678 636	242 022	663 631	3 584 289
overdue for less than 30 days	796 251	159 133	157 417	1 112 801
overdue for 30-89 days	-	1 069 580	167 621	1 237 201
overdue for 90-179 days	-	-	263 316	263 316
overdue for more than 180 days	-	-	2 206 516	2 206 516
Loans to private companies before allowance for impairment	3 474 887	1 470 735	3 458 501	8 404 121
ECL	(198 301)	(401 987)	(2 543 805)	(3 144 093)
Loans to private companies after allowance for impairment	3 276 585	1 068 747	914 696	5 260 028
ECL, %	5,71%	27,33%	73,55%	37,41%

An analysis of credit quality of loans issued to private companies as at 31 December 2023 is as follows:

Private companies	Stage 1	Stage 2	Stage 3	Total
not overdue	2 479 625	746 874	588 879	3 815 378
overdue for less than 30 days	568 428	213 865	121 285	903 578
overdue for 30-89 days	-	870 895	341 954	1 212 849
overdue for 90-179 days	-	-	932 644	932 644
overdue for more than 180 days	-	-	2 698 243	2 698 243
Loans to private companies before allowance for impairment	3 048 053	1 831 634	4 683 005	9 562 692
ECL	(162 865)	(559 951)	(2 432 822)	(3 155 638)
Loans to private companies after allowance for impairment	2 885 188	1 271 683	2 250 183	6 407 054
ECL, %	5,34%	30,57%	51,95%	33,00%

(millions of Uzbek Soums)

4. Loans to customers (continued)

(ii) Loans to corporate clients – State-owned companies

An analysis of changes in the gross carrying amount and corresponding ECL in relation to loans issued to private companies during the year ended 31 December 2024 is as follows:

State-owned companies	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	264 210	3	425 545	689 758
Originated	832 143	-	-	832 143
Derecognised	(84 692)	(3)	(176 762)	(261 457)
To stage 1	248 728	-	(248 728)	-
To stage 3	17 031	-	(17 031)	-
Unwinding effect	-	-	17 031	17 031
Foreign currency exchange rate effect	28 335	-	-	28 335
31 December 2024	1 305 755	-	55	1 305 810
State-owned companies	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	13 784	-	267 986	281 770
Originated	5 085	-	-	5 085
Derecognised	(326)	(1)	(14 171)	(14 498)
To stage 1	245 510	-	(245 510)	-
ECL remeasurement	(246 445)	1	(25 303)	(271 747)
Unwinding effect	-	-	17 031	17 031
Foreign currency exchange rate effect	2 681	-	-	2 681
31 December 2024	20 290	-	33	20 322

An analysis of changes in the gross carrying value and corresponding ECL in relation to loans issued to state companies during the year ended 31 December 2023 is as follows:

State-owned companies	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	563 663	108 308	386 057	1 058 028
Originated	248 500	-	-	248 500
Derecognised	(588 280)	(427)	(78 259)	(666 966)
To stage 1	6 484	(5 511)	(973)	-
To stage 2	-	-	-	-
To stage 3	(4 439)	(102 367)	106 806	-
Written-off	-	-	(18 135)	(18 135)
Unwinding effect	-	-	29 494	29 494
Foreign currency exchange rate effect	38 282	-	554	38 836
31 December 2023	264 210	3	425 544	689 757
State-owned companies	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	56 188	24 920	266 512	347 620
Originated	13 423	-	-	13 423
Derecognised	(21 397)	-	(151)	(21 548)
To stage 1	2 413	-	(2 413)	-
To stage 2	-	-	-	-
To stage 3	-	(24 920)	24 920	-
Written-off	-	-	(18 135)	(18 135)
ECL remeasurement	(37 638)	-	(32 252)	(69 890)
Unwinding effect	-	-	29 494	29 494
Foreign currency exchange rate effect	795	-	11	806
31 December 2023	13 784	-	267 986	281 770

The accompanying notes are an integral part of these consolidated financial statements

(millions of Uzbek Soums)

4. Loans to customers (continued)

An analysis of credit quality of loans issued to state-owned companies as at 31 December 2024 is as follows:

State-owned companies	Stage 1	Stage 2	Stage 3	Total
not overdue	1 300 549	-	-	1 300 549
overdue for less than 30 days	5 206	-	-	5 206
overdue for more than 180 days	-	-	55	55
Loans to state-owned companies before allowance for impairment	1 305 755	-	55	1 305 810
ECL	(20 289)	-	(33)	(20 322)
Loans to private companies after allowance for impairment	1 285 466	-	22	1 285 488
ECL, %	1,55%	0,00%	60,00%	1,23%

An analysis of credit quality of loans issued to state-owned companies as at 31 December 2023 is as follows:

State-owned companies	Stage 1	Stage 2	Stage 3	Total
not overdue	258 181	-	-	258 181
overdue for less than 30 days	6 029	-	-	6 029
overdue for 30-89 days	-	3	5 104	5 107
overdue for 90-179 days	-	-	94 961	94 961
overdue for more than 180 days	-	-	325 480	325 480
Loans to state-owned companies before allowance for impairment	264 210	3	425 544	689 757
ECL	13 784	-	267 986	281 770
Loans to state-owned companies after allowance for impairment	250 426	3	157 558	407 987
ECL, %	5,22%	0%	62,97%	40,85%

(iii) Loans to individuals

An analysis of changes in the gross carrying value and corresponding ECL in relation to loans issued to individuals during the year ended 31 December 2024 is as follows:

Loans to individuals	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	13 248 013	2 037 136	664 043	15 949 194
Originated	9 938 596	-	-	9 938 596
Derecognised	(3 074 745)	(607 940)	(189 892)	(3 872 577)
To stage 1	634 516	(571 408)	(63 109)	-
To stage 2	(1 636 964)	1 682 064	(45 100)	-
To stage 3	(367 246)	(338 372)	705 618	-
Written-off	-	-	(262 217)	(262 217)
Unwinding effect	-	-	62 299	62 299
31 December 2024	18 742 170	2 201 480	871 643	21 815 293

(millions of Uzbek Soums)

4. Loans to customers (continued)

Loans to individuals	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	339 304	717 938	364 791	1 422 033
Originated	428 331	-	-	428 331
Derecognised	(20 302)	(35 280)	(387 108)	(442 690)
To stage 1	348 259	(301 862)	(46 397)	-
To stage 2	(269 860)	302 307	(32 447)	-
To stage 3	(75 939)	(133 888)	209 827	-
Written-off	-	-	(262 217)	(262 217)
Received previously written-off	-	-	337 040	337 040
ECL remeasurement	(449 294)	189 840	252 796	(6 658)
Unwinding effect	-	-	62 299	62 299
31 December 2024	300 499	739 055	498 584	1 538 138

An analysis of changes in the gross carrying value and corresponding ECL in relation to loans issued to individuals during the year ended 31 December 2023 is as follows:

Loans to Individuals	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2023	7 810 985	1 373 844	1 688 563	10 873 392
Originated	9 132 008	-	-	9 132 008
Derecognised	(2 201 656)	(474 152)	(495 286)	(3 171 094)
To stage 1	388 680	(335 645)	(53 035)	-
To stage 2	(1 637 879)	1 690 420	(52 541)	-
To stage 3	(244 121)	(217 331)	461 452	-
Written-off	-	-	(983 619)	(983 619)
Unwinding effect	-	-	98 507	98 507
31 December 2023	13 248 013	2 037 136	664 041	15 949 194

Loans to Individuals	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	468 028	520 314	919 471	1 907 813
Originated	559 454	-	-	559 454
Derecognised	(28 435)	(33 026)	(155 253)	(216 714)
To stage 1	254 616	(203 236)	(51 380)	-
To stage 2	(377 925)	423 969	(46 044)	-
To stage 3	(78 208)	(119 744)	197 952	-
Written-off	-	-	(983 617)	(983 617)
Received previously written-off	-	-	66 937	66 937
ECL remeasurement	(458 226)	129 661	318 220	(10 345)
Unwinding effect	-	-	98 507	98 507
31 December 2023	339 304	717 938	364 793	1 422 035

An analysis of credit quality of loans issued to individuals by types of loans as at 31 December 2024 is as follows:

Social lending programs, except for mortgage, and other loans	Stage 1	Stage 2	Stage 3	Total
not overdue	7 352 698	-	4 353	7 357 050
overdue for less than 30 days	1 058 214	-	85	1 058 299
overdue for 30-89 days	-	1 366 685	129	1 366 813
overdue for 90-179 days	-	303	158 309	158 612
overdue for more than 180 days	-	-	400 993	400 993
Loans before allowance for impairment	8 410 911	1 366 987	563 869	10 341 767
ECL	(170 666)	(349 851)	(317 422)	(837 939)
Loans after allowance for impairment	8 240 245	1 017 136	246 447	9 503 828
ECL, %	2,03%	25,59%	56,29%	8,10%

(millions of Uzbek Soums)

4. Loans to customers (continued)

Mortgage loans	Stage 1	Stage 2	Stage 3	Total
not overdue	7 390 405	–	3 602	7 394 007
overdue for less than 30 days	781 062	–	423	781 485
overdue for 30–89 days	–	782 038	378	782 416
overdue for 90–179 days	–	1 189	128 035	129 224
overdue for more than 180 days	–	–	110 773	110 773
Loans before allowance for impairment	8 171 467	783 227	243 211	9 197 905
ECL	(103 415)	(375 906)	(147 085)	(626 407)
Loans after allowance for impairment	8 068 052	407 321	96 126	8 571 499
ECL, %	1,27%	47,99%	60,48%	6,81%
Education loans	Stage 1	Stage 2	Stage 3	Total
not overdue	1 848 094	–	234	1 848 328
overdue for less than 30 days	49 644	–	–	49 644
overdue for 30–89 days	–	31 744	–	31 744
overdue for 90–179 days	–	59	5 293	5 353
overdue for more than 180 days	–	–	4 370	4 370
Loans before allowance for impairment	1 897 739	31 803	9 898	1 939 439
ECL	(22 762)	(10 274)	(4 288)	(37 325)
Loans after allowance for impairment	1 874 976	21 529	5 609	1 902 114
ECL, %	1,20%	32,31%	43,33%	1,92%
Consumer loans, credit card loans, auto loans	Stage 1	Stage 2	Stage 3	Total
not overdue	239 548	–	28 559	268 107
overdue for less than 30 days	22 507	–	187	22 694
overdue for 30–89 days	–	19 432	86	19 518
overdue for 90–179 days	–	31	9 655	9 686
overdue for more than 180 days	–	–	16 176	16 176
Loans before allowance for impairment	262 055	19 463	54 663	336 181
ECL	(3 664)	(3 017)	(29 787)	(36 468)
Loans after allowance for impairment	258 391	16 446	24 876	299 713
ECL, %	1,40%	15,54%	54,49%	10,85%

An analysis of credit quality of loans issued to individuals by types of loans as at 31 December 2023 is as follows:

Social lending programs, except for mortgage, and other loans	Stage 1	Stage 2	Stage 3	Total
not overdue	4 582 074	–	9 377	4 591 451
overdue for less than 30 days	945 163	–	268	945 431
overdue for 30–89 days	–	1 256 425	338	1 256 763
overdue for 90–179 days	–	–	156 182	156 182
overdue for more than 180 days	–	–	239 912	239 912
Loans before allowance for impairment	5 527 237	1 256 425	406 077	7 189 739
ECL	164 209	326 055	212 532	702 796
Loans after allowance for impairment	5 363 028	930 370	193 545	6 486 943
ECL, %	2,97%	25,96%	52,34%	9,77%

(millions of Uzbek Soums)

4. Loans to customers (continued)

Mortgage loans	Stage 1	Stage 2	Stage 3	Total
not overdue	5 103 189	–	11 644	5 114 833
overdue for less than 30 days	727 800	–	1 704	729 504
overdue for 30–89 days	–	709 623	2 777	712 400
overdue for 90–179 days	–	–	118 477	118 477
overdue for more than 180 days	–	–	40 810	40 810
Loans before allowance for impairment	5 830 989	709 623	175 412	6 716 024
ECL	(140 680)	(372 095)	(107 534)	(620 309)
Loans after allowance for impairment	5 690 309	337 528	67 878	6 095 715
ECL, %	2,41%	52,44%	61,30%	9,24%
Education loans	Stage 1	Stage 2	Stage 3	Total
not overdue	1 467 795	–	833	1 468 628
overdue for less than 30 days	38 705	–	36	38 741
overdue for 30–89 days	–	30 879	149	31 028
overdue for 90–179 days	–	–	4 236	4 236
overdue for more than 180 days	–	–	1 671	1 671
Loans before allowance for impairment	1 506 500	30 879	6 925	1 544 304
ECL	(26 006)	(10 886)	(2 891)	(39 783)
Loans after allowance for impairment	1 480 494	19 993	4 034	1 504 521
ECL, %	1,73%	35,25%	41,75%	2,58%
Consumer loans. credit card loans. auto loans	Stage 1	Stage 2	Stage 3	Total
not overdue	350 660	–	30 991	381 651
overdue for less than 30 days	32 388	–	241	32 629
overdue for 30–89 days	–	40 671	920	41 591
overdue for 90–179 days	–	–	8 889	8 889
overdue for more than 180 days	–	–	34 367	34 367
Loans before allowance for impairment	383 048	40 671	75 408	499 127
ECL	(8 409)	(8 902)	(41 834)	(59 145)
Loans after allowance for impairment	374 639	31 769	33 574	439 982
ECL, %	2,20%	21,89%	55,48%	11,85%

 (iv) *Collateral and other credit enhancements*

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Group regarding the acceptability of types of collateral and valuation parameters.

Information about collateral held by the Group against the loans as at 31 December 2024 and 2023 is presented further. Amounts presented in the tables below reflect the gross carrying amounts of the financial assets without the effect of overcollateralisation, calculated using the value of collateral determined at the date of the loan inception, and it does not necessarily reflect the fair value of the collateral. If the loan is partially secured, then the unsecured portion of the loan is disclosed in the "Unsecured" category.

Guarantees and sureties are represented by both guarantees and sureties of legal entities and individuals, and state and regional administrations.

Mortgage loans to individuals are secured by real estate or by certificates of insurance and sureties of the construction companies prior registration of properties.

(millions of Uzbek Soums)

4. Loans to customers (continued)

31 December 2024	Private companies	State-owned companies	Individuals	Total
Real estate	2 761 285	6 298	8 804 890	11 572 473
Vehicles	321 054	65 755	200 136	586 945
Equipment	238 102	-	-	238 102
Guarantees and sureties	2 911 095	129 106	2 905 684	5 945 885
Certificates of insurance	1 096 428	101	9 538 255	10 634 784
Other	111 170	1 104 549	15	1 215 735
Unsecured	964 986	-	366 314	1 331 300
Loans to clients before impairment allowance	8 404 120	1 305 810	21 815 294	31 525 225

31 December 2023	Private companies	State-owned companies	Individuals	Total
Cash deposit	359	-	52	411
Real estate	3 869 197	6 927	6 223 760	10 099 884
Vehicles	443 581	66 235	14 198	524 014
Equipment	397 708	-	-	397 708
Guarantees and sureties	3 287 375	227 495	2 377 577	5 892 447
Certificates of insurance	1 172 335	204	965 857	2 138 396
Other	59 557	383 839	568	443 964
Unsecured	332 580	5 059	6 367 182	6 704 821
Loans to clients before impairment allowance	9 562 692	689 758	15 949 195	26 201 643

During 2024 and 2023 the Group received financial and non-financial assets by taking possession of collateral it held as security and calling on similar credit enhancements. As at 31 December 2024 repossessed collateral in amount of UZS 776 429 million and (2023: UZS 495 983 million) disclosed in Note 10. The management of the Group expects to dispose these assets within 12 months period through public auctions.

Information about types of collateral held as security for loans to customers that are credit-impaired as at 31 December 2024 and 2023 is presented below.

31 December 2024	Private companies	State-owned companies	Individuals	Total
Real estate	406 759	23	92 422	499 205
Vehicles	35 762	-	84	35 846
Equipment	30 481	-	-	30 481
Guarantees and sureties	293 085	-	33 889	326 974
Certificates of insurance	146 325	-	231 699	378 024
Other	20	-	2	22
Unsecured	2 263	-	14 962	17 225
Credit-impaired (Stage 3) loans to customers after impairment allowance	914 695	23	373 058	1 287 776

(millions of Uzbek Soums)

4. Loans to customers (continued)

31 December 2023	Private companies	State- owned companies	Individuals	Total
Cash deposit	58	-	-	58
Real estate	881 490	157	61 090	942 737
Vehicles	61 684	29 714	155	91 554
Equipment	118 502	-	-	118 502
Guarantees and sureties	903 563	62 595	43 758	1 009 916
Certificates of insurance	182 062	-	31 234	213 295
Other	45 075	65 093	173	110 341
Unsecured	57 748	-	162 841	220 590
Credit-impaired (Stage 3) loans to customers after impairment allowance	2 250 183	157 559	299 251	2 706 993

The Group does not incorporate collateral value in its ECL estimation models for collective assessment of homogeneous loans, however the value of collateral is accounted for when estimating ECL for credit-impaired individually significant loans to corporate customers (see Note 22).

(v) *Concentration of loans to customers*

Loans are disbursed to corporate clients operating in the following industry sectors:

	31 December 2024	31 December 2023
Manufacturing	5 221 911	5 244 027
Service, Transport and Communication	1 937 552	2 586 154
Trade	1 091 683	1 215 647
Agriculture	952 780	936 420
Construction	287 669	195 794
Other	218 336	74 407
Loans to corporate clients before impairment allowance	9 709 931	10 252 449
Less impairment allowance	(3 164 417)	(3 437 408)
Loans to corporate clients after impairment allowance	6 545 514	6 815 041

5. Investment securities

As at 31 December 2024 and 2023 investment securities comprise:

	31 December 2024	31 December 2023
Bonds measured at amortised cost		
<i>Unpledged</i>		
the CBU	1 795 034	314 814
the Ministry of Finance of the Republic of Uzbekistan	4 180 033	2 065 412
Corporate bonds	303 135	184 836
<i>Pledged under "REPO" transactions and similar transactions</i>		
the CBU	101 055	236 366
the Ministry of Finance of the Republic of Uzbekistan	2 001 495	1 604 036
Bonds measured at amortised cost before impairment allowance	8 380 752	4 405 464
Less impairment allowance	(71 427)	(25 104)
Bonds measured as amortised cost after impairment allowance	8 309 325	4 380 360
Equity securities measured at FVOCI	96 296	17 559
Investment securities	8 405 621	4 397 919

The accompanying notes are an integral part of these consolidated financial statements

(millions of Uzbek Soums)

5. Investment securities (continued)

As at 31 December 2024 and 2023 bonds measured at amortized cost are classified to Stage 1.

Corporate bonds are bonds of government-related entities.

Equity securities are represented by minor shares (up to 9,08%) of government related-entities.

Securities in the amount of UZS 512 929 million were transferred, but they are not subject to derecognition in accounting due to the existence of a credit swap agreement for all cash flows.

6. Property and equipment and intangible assets

The movements in property and equipment were as follows:

	Note	Buildings and premises	Construction in progress	Furniture and equipment	Intangible assets and others	Total
Cost						
1 January 2023		344 090	383 736	752 558	21 373	1 501 757
Additions		24 000	45 998	154 804	10 251	235 053
Transfers		63 270	(53 538)	(14 277)	4 545	-
Disposals and write-offs		(19 320)	(55 234)	(30 952)	-	(105 506)
31 December 2023		412 040	320 962	862 133	36 169	1 631 304
Additions		237	108 896	209 274	14 500	332 907
Transfers		33 034	(31 576)	(4 170)	2 712	-
Disposals and write-offs		(32 246)	(39 529)	(50 462)	(75)	(122 312)
31 December 2024		413 065	358 753	1 016 775	53 306	1 841 899
Accumulated depreciation						
1 January 2023		(73 841)	-	(341 864)	(13 923)	(429 628)
Charge for the year		(20 930)	-	(163 673)	(3 250)	(187 853)
Disposals and write-offs		5 968	-	30 409	-	36 377
31 December 2023		(88 803)	-	(475 128)	(17 173)	(581 104)
Charge for the year		(23 580)	-	(160 140)	(5 831)	(189 551)
Transfers		(464)	-	464	-	-
Disposals and write-offs		9 574	-	31 984	33	41 591
31 December 2024		(103 273)	-	(602 820)	(22 971)	(729 064)
Net book value						
31 December 2023		323 237	320 962	387 005	18 996	1 050 200
31 December 2024		309 792	358 753	413 955	30 335	1 112 835

(millions of Uzbek Soums)

7. Taxation

The corporate income tax expense comprises:

	2024	2023
Current income tax expense	1 216	2 177
Deferred income tax expense/(benefit)	99 335	70 094
Income tax expense/(benefit)	100 551	72 271

The Group measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Republic of Uzbekistan, where the Group operates, which may differ from IFRS.

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 amounts 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. The corporate income tax rate applicable to the majority of the Group's income comprised 20% for 2024 and 2023, respectively.

The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense (benefit) based on statutory rates with actual is as follows:

	2024	2023
Income/(loss) before tax	781 189	566 493
Statutory tax rate	20%	20%
Theoretical income tax expense/(benefit) at the statutory rate	156 238	113 299
Non-taxable income received from placing accumulated pension funds *	(191 668)	(171 501)
Permanent difference on ECL expense for loans **	126 961	120 420
Non-deductible expenditures	9 020	10 053
Income tax expense/(benefit)	100 551	72 271

(millions of Uzbek Soums)

7. Taxation (continued)

Deferred tax assets and liabilities as of 31 December 2024 and 2023 and their movements for the respective years then ended comprise:

Tax effect of deductible temporary differences	Origination and reversal of temporary differences		Origination and reversal of temporary differences		
	1 January 2023	In profit or loss	31 December 2023	In profit or loss	31 December 2024
Cash and cash equivalents	289	4 053	4 342	(3 974)	368
Amounts due from credit institutions	2 147	116	2 263	221	2 484
Loans to customers	833 667	(78 026)	755 641	(54 196)	701 445
Investment securities	2 054	2 962	5 016	9 263	14 279
Property and equipment	1 130	(625)	505	(505)	-
Other assets	9 192	8 322	17 514	4 790	22 304
Other liabilities	9 792	(3 272)	6 520	13 157	19 677
Tax losses carried forward to future periods	437 368	-	437 368	-	437 368
Deferred tax asset, gross amount	1 295 639	(66 470)	1 229 169	(31 245)	1 197 924
Unrecognized deferred tax asset	(99 163)	(21 257)	(120 420)	(6 541)	(126 961)
Deferred tax asset	1 196 476	(87 127)	1 108 749	(37 785)	1 070 964
Taxable temporary differences					
Other borrowed funds	(128)	128	-	-	-
Repossessed assets	-	17 505	17 505	(61 550)	(44 045)
Deferred tax liability	(128)	17 633	17 505	(61 550)	(44 045)
Deferred tax asset	1 196 348	(70 094)	1 126 254	(99 335)	1 026 919

(millions of Uzbek Soums)

8. Credit loss expense

The table below shows the ECL charges on financial assets for the years ended 31 December 2024 and 2023:

	Cash and cash equivalents	Amounts due from credit institutions	Bonds measured at amortised cost	Loans and advances to customers	Other financial assets	Total
1 January 2023	1 445	25 885	10 298	5 484 037	20 103	5 541 768
Credit loss expense (recovery)	1 966	(3 567)	14 806	598 957	8 945	621 107
Write-off	-	-	-	(1 955 834)	(22 031)	(1 977 865)
Unwinding effect	-	-	-	276 390	-	276 390
Received previously written-off	-	-	-	451 557	-	451 557
Foreign currency exchange rate effect	-	-	-	4 334	-	4 334
31 December 2023	3 411	22 318	25 104	4 859 441	7 017	4 917 291
Credit loss expense (recovery)	(1 570)	1 399	46 323	399 177	90 442	535 771
Write-off	-	(2 250)	-	(1 658 985)	97 459	(1 758 694)
Received previously written-off	-	-	-	1 101 740	-	1 101 740
Foreign currency exchange rate effect	-	-	-	1 182	-	1 182
31 December 2024	1 841	21 467	71 427	4 702 555	198 918	4 797 290

(millions of Uzbek Soums)

9. Other assets and liabilities

As at 31 December 2024 and 2023 other assets comprise the following:

	31 December 2024	31 December 2023
Other financial assets		
Commission receivables	2 617	13 202
Receivables from employees	1 453	4 608
Settlements with individuals for money transfers	20 485	7 955
Other	15 738	36 348
Other financial assets before allowance for impairment	40 293	62 113
Less allowance for impairment	-	(7 017)
Other financial assets after allowance for impairment	40 293	55 096
Other non-financial assets		
Prepayments for materials services and PPE	138 086	110 924
Other	71 626	70 255
Other non-financial assets before allowance for impairment	209 712	181 179
Less allowance for impairment	(20 341)	(20 426)
Other non-financial assets after allowance for impairment	189 369	160 753
Other assets	229 664	215 849

As at 31 December 2024 and 2023 other liabilities comprise the following:

	31 December 2024	31 December 2023
Other financial liabilities		
Payables to employees	39 940	23 227
Accounts payable	46 250	40 039
Other	12 974	4 958
Total other financial liabilities	99 164	68 224
Other non-financial liabilities		
Taxes payable, other than income tax	43 591	52 926
Lottery obligations	7 988	9 120
Other	33 142	31 770
Total other non-financial liabilities	84 720	93 816
Allowance for credit related liabilities and financial guarantees	12 208	13 594
Other liabilities	196 093	175 634

(millions of Uzbek Soums)

10. Repossessed assets

As at 31 December 2024 and 2023 repossessed assets comprise the following:

	31 December 2024	31 December 2023
Non-residential premises	673 958	316 208
Residential buildings	47 902	132 684
Transport	37 608	26 647
Equipment	16 961	20 444
Repossessed assets	776 429	495 983

Over the next 12 months, the Bank expects to sell the property it owns, accepted to repay the loans. The bank is actively searching for buyers. The Group measures repossessed assets at the lower of their carrying amount and fair value less costs to sell. The amount of expenses for changing the value of such assets for the year ended December 31, 2024 amounted to UZS 49 490 million (31 December 2023: 87 527 million UZS).

11. Amounts due to credit institutions

As at 31 December 2024 and 2023 amounts due to credit institutions comprise the following:

	31 December 2024	31 December 2023
Term deposits	1 372 922	885 464
REPO transactions with the CBU	1 280 229	1 392 233
REPO transactions with the banks	238 002	346 343
Correspondent accounts and other placements	141 523	21 775
Amounts due to credit institutions	3 032 676	2 645 815

As at 31 December 2024, funds in the amount of UZS 1 501 212 million or 49,50% of total funds due to credit institutions (31 December 2023: UZS 998 450 million or 37,74%) represent funds held by five credit institutions, excluding funds from the CBU.

Securities pledged or sold under REPO transactions are transferred to a third party and the Group receives cash. REPO transactions are carried out on terms that are generally accepted for standard lending, borrowing and lending of securities. The Group has determined that it retains substantially all the risks and rewards of ownership of these securities and therefore does not derecognise them (Note 5).

12. Amounts due to customers

As at 31 December 2024 and 2023 amounts due to customers comprise the following:

	31 December 2024	31 December 2023
<i>State and public organizations</i>		
- current accounts	34 247	13 641
- term deposits	1 927 525	1 043 234
<i>Other legal entities</i>		
- current accounts	1 002 237	873 689
- term deposits	242 098	181 203
<i>Individuals</i>		
- current accounts	2 994 635	2 587 213
- term deposits	2 051 384	1 148 089
Amounts due to customers	8 252 126	5 847 069
Held as security against letters of credit	-	8 211

The accompanying notes are an integral part of these consolidated financial statements

(millions of Uzbek Soums)

12. Amounts due to customers (continued)

As at 31 December 2024, amounts due to customers of UZS 2 189 575 million (26,64% of total due to customers) were due to the ten largest customers (31 December 2023: UZS 1 590 341 million (25,45%)).

13. Other borrowed funds

As at 31 December 2024 and 2023 other borrowed funds comprise the following:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Ministry of Finance of the Republic of Uzbekistan	12 003 873	8 508 095
Fund for Reconstruction and Development of the Republic of Uzbekistan	2 134 218	3 598 448
Fund for Support of Farms, Dekhkan Farms and Owners of Household Lands	501 619	351 340
ICBC Standard Bank Plc	395 574	-
JSC Uzbekistan Mortgage Refinancing Company	373 338	73 088
Cargill Financial Services International, Inc	255 941	-
JSC Qishloq Qurilish Bank	230 595	-
Public Fund for Support of Women and Family	216 771	82 371
Central Bank of the Republic of Uzbekistan	150 000	266 757
JSC Uzbekistan Mortgage Refinancing Company	125 691	165 034
HUNGARIAN EXPORT-IMPORT BANK PRIVATE LIMITED COMPANY	50 270	74 922
Export Promotion Agency under the Ministry of Investment and Foreign Trade of the Republic of Uzbekistan	31 487	41 858
ODDO BHF AKTIENGESELLSCHAFT DE	25 661	42 159
PJSC Vitabank (legal successor of PJSC Sovcombank)	-	272 412
JSC National Bank for Foreign Economic Activity of the Republic of Uzbekistan	-	10 708
Agency for the Development of Viticulture and Winemaking	-	9 938
Other	54 801	44 411
Other borrowed funds	<u>16 549 839</u>	<u>13 541 541</u>

Other borrowed funds comprise financing received from different government agencies and international and local financial institutions to further finance different programs and for specific purposes.

As at 31 December 2024 and 2023 the balance due to the Ministry of Finance of the Republic of Uzbekistan includes:

- Funds under the refinancing program with International Bank of Reconstruction and Development (IBRD) comprising three loan agreements nominated in US dollars and Uzbek soums, which had issue dates between 15 January 2016 – 30 June 2018, maturity dates between 15 March 2034 – 15 May 2043 with the principal being repaid semi-annually starting from 15 September 2019 – 15 September 2023. *Funds were attracted for the purpose of developing horticultural and livestock sectors in the Republic of Uzbekistan;*
- Funds based on the On-lending Agreement dated 10 February 2020 No. L3823 (COL)-UZB. The Ministry of Finance of the Republic of Uzbekistan provided the Group with funds under refinancing program with the Asian Development Bank (Loan agreement dated 15 November 2019 between the Asian Development Bank and the Republic of Uzbekistan represented by the Ministry of Finance of the Republic of Uzbekistan) for the project of livestock value chain development in the Republic of Uzbekistan with a maturity date of 5 June 2030 with principal being repaid semi-annually starting from 2023. The agreement provides for financial and non-financial covenants. The amount of obligations as of December 31, 2024 was UZS 402 640 million (2023: UZS 477,321 million). The Group does not expect a breach of these covenants within 12 months after the reporting date;
- Funds under the refinancing program with International Development Association of World Bank consisting of four loan agreements nominated in US dollars and Uzbek soums, which had issue dates between 24 June 2014 – 26 February 2024, maturity dates between 5 March 2032 – 15 September 2040 with the principal being repaid semi-annually starting from 15 September 2017 – 15 November 2022. *Funds were attracted for developing livestock sector and financing of agricultural investment projects in the Republic of Uzbekistan, and within the project on adaptation to climate changes and mitigation of consequences to the Aral Lake;*

(millions of Uzbek Soums)

13. Other borrowed funds (continued)

- Resources under the refinancing program with Japan International Cooperation Agency (JICA) comprising the loan agreement nominated in US dollars and partially converted in Uzbek soums in 2022, signed on 15 June 2020, maturing on 20 December 2044 – 15 June 2045 with the principal being repaid semi-annually starting from 2026. *Funds were attracted for the development of the project of horticultural value chain in the Republic of Uzbekistan;*
- Financing under the refinancing program with International Fund for Agricultural Development is formed in accordance with three loan agreements nominated in US dollars, which had issue dates between 19 April 2017 – 19 July 2022, maturity dates between 3 June 2035 – 6 September 2044 with the principal being repaid semi-annually starting from 15 November 2020–15 May 2023. *Funds were attracted for the purpose of livestock sector development in the Republic of Uzbekistan;*
- Financing under the refinancing program with the French Development Agency, attracted in July 2022 in Uzbek soums maturing on 5 April 2032 with the principal being repaid semi-annually starting from 2025. *Funds were attracted for the purpose of financing the sustainable development of the livestock sector in the Republic of Uzbekistan;*
- Long-term funds attracted directly from the Ministry of Finance of the Republic of Uzbekistan in Uzbek soums for various social lending purposes: *financing of mortgage retail loans, livestock industry development, educational loans.*

As at 31 December 2024 the balance due to the Fund for Reconstruction and Development of the Republic of Uzbekistan comprises several loan agreements nominated in Uzbek soums and US dollars, which were concluded between 12 January 2018 – 10 September 2024, have maturity dates between 25 June 2027 – 22 September 2033 with the principal being repaid semi-annually starting from 2021 (31 December 2023: several loan agreements nominated in Uzbek soums and US dollars, which were concluded between 12 January 2018 – 19 July 2022, have maturity dates between 15 December 2024 – 18 July 2029 with the principal being repaid semi-annually starting from 2021). *Funds were attracted within different state support programs, among which are "Each family is an entrepreneur", provision of microloans to women and young people, financing projects in Samarkand region.*

As at 31 December 2024 the balance due to the CBU consists of several loan agreements nominated in Uzbek soums, which were concluded between 18 October 2022 – 13 July 2023 for the three-year term with the principal being repaid monthly starting from 2022 (31 December 2023: several loan agreements nominated in Uzbek soums, signed on 15 September 2020 and 18 October 2022 for the three-year term with the principal being repaid monthly starting from 2021). *As at 31 December 2024 funds are provided solely for the purpose of lending within the social program "Each family is an entrepreneur" (31 December 2023: funds are provided solely for the purpose of lending within the social program "Each family is an entrepreneur").*

As at 31 December 2024 the balance due to the Fund for Support of Farms, Dekhkan Farms and Owners of Household Lands comprises several loan agreements nominated in Uzbek soums, which were concluded between 24 January 2022 – 8 July 2022, maturing on 24 January 2025 – 7 July 2029 with the principal being repaid semi-annually (31 December 2023: several loan agreements nominated in Uzbek soums, which were concluded between 21 June 2018 – 10 March 2023, maturing on 29 January 2023 – 24 January 2029 with the principal being repaid semi-annually). *Funds were attracted solely for the purpose of lending within the social program "Each family is an entrepreneur".*

As at 31 December 2024 the balance due to Public Fund for Support of Women and Family consists of several loan agreements nominated in Uzbek soums, which were concluded between 22 April 2022 – 25 December 2024, have maturity dates between 10 May 2025 – 24 December 2031 with the principal being repaid monthly starting from 2022 (31 December 2023: several loan agreements nominated in Uzbek soums, which were concluded between 2 July 2020 – 28 April 2022, have maturity dates between 25 July 2023 – 28 April 2025 with the principal being repaid monthly starting from 2020). *Funds were attracted for the financing different activities and education of women and families, facing poor social and financial conditions.*

As at December 31, 2024, the debt to ICBC Standard Bank Plc represents obligations under all-cash flow credit default swap agreements entered into in 2024. These agreements expire in 2026 and 2027. These agreements were entered into for the purpose of raising additional financing.

(millions of Uzbek Soums)

13. Other borrowed funds (continued)

In April 2022 the Group attracted loan facility from HUNGARIAN EXPORT-IMPORT BANK PRIVATE LIMITED COMPANY nominated in Euro maturing in April 2028 for the purpose of ATM machines acquisition.

As at December 31, 2024, the balance due to Cargill Financial Services International, Inc consists of a loan agreement denominated in euros, which was concluded on December 18, 2024 with a maturity date of December 19, 2025 with a one-time repayment of the principal at the end of the period. The funds were raised to finance trade (import) contracts of the bank's clients (legal entities).

As at December 31, 2024, the balance due to ATB QISHLOK QURILISH BANK consists of a loan agreement denominated in Uzbek soums, which was concluded on June 7, 2024 for a seven-year term with a two-year grace period, with repayment of the principal every six months, starting from 2026. The funds were raised within the framework of the financial and institutional support program for the development of small businesses in accordance with the Resolution of the President of the Republic of Uzbekistan dated September 14, 2023 No. PP-306.

The remaining credit lines also consisted of funds attracted for financing different state support programs and own commercial objectives of the Group.

14. Subordinated loans

In 2022 the Group received from the Ministry of Finance of the Republic of Uzbekistan subordinated loan in the amount of UZS 540 000 million with an interest rate of 11% maturing in 2027. In 2024, the subordinated loan was fully repaid by subscribing to the Bank's shares in accordance with the Resolution of the President of the Republic of Uzbekistan No. PP-149 dated April 2, 2024. As of December 31, 2024, prior to the completion of official registration, this amount is reflected in the other component of equity (Note 16).

As at 31 December 2024 and 2023 subordinated loans comprise loans from the Ministry of Finance of the Republic of Uzbekistan in the total amount of UZS 188 171 million (31 December 2023: 250 562 million UZS) which were received in 2017 and 2018 with interest rates of 3% and 12% p.a. maturing in 15 years.

In case of liquidation subordinated loans rank after settlement of all other creditors' claims.

15. Accumulated pension fund liabilities

According to the Law of the Republic of Uzbekistan №702-II dd. 02.12.2004 "On accumulated pension savings of the citizens" (hereinafter – "the Law") pension savings of participants of the pension savings plan are accumulated with the Bank.

Participation in the saving pension system is mandatory for all employers and employees unless otherwise required by law. The Law stipulates that the Bank keeps detailed accounting for each participant (employee) of the pension plan based on application of the participant. The State guarantees each participant of the pension plan the safe-keeping and distribution of pension savings. In accordance with the law, accounting and storage of an individual savings pension account is carried out only in Halq Bank.

Under the Law pension savings are formed with:

- mandatory contributions of employers (0.1%);
- voluntary contributions from both employers and employees;
- "interest" accrued on individual pension accounts – the Bank must annually accrue "interest" on the outstanding amount of accumulated pension funds in the amount not less than inflation rate which is determined by the Bank and approved by the Ministry of Finance and the CBU;
- other funds not contradictory to the law.

Pension savings are used for payments of pensions and cannot be used for any other purpose not related to the accumulated pension system. Participant of the system has rights to receive payments from the individual pension account when eligible (once or by monthly instalments at the request of a participant), to receive information on the balance of individual account and to leave the balance as precept. The Bank is entitled to receive margin from income on investing pension system funds. The margin rate in 2024 was set by the Ministry of Finance at 1% and the amount of the margin amounted to UZS 11 900 million (the margin rate in 2023 was set at 1% and the amount of margin amounted to UZS 9 553 million).

(millions of Uzbek Soums)

15. Accumulated pension fund liabilities (continued)

Movement of pension savings for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
Balance as at 1 January	7 383 658	6 449 128
<i>Contributions:</i>		
- mandatory contributions of employers (0.1%)	366 115	286 361
- voluntary contributions of participants	1 485	334
<i>Distributions:</i>		
- payments of pensions to participants	(361 600)	(279 479)
- refunds to employers	-	(9 051)
<i>Distribution of income to the participants:</i>		
- for the current financial year, including coverage of prior years' deficit, if applicable	763 800	631 900
<i>inflation rate</i>	9,8%	8,8%
<i>Distribution of income to the reserve fund:</i>	402 700	304 465
Balance as at 31 December	8 556 158	7 383 658

According to the resolution of the Ministry of Finance and the CBU dd. 25.12.2021 "On the order of placement of accumulated pension system's funds in financial instruments", the Bank should place pension system funds into the following financial instruments:

- not less than 60% – government debt securities and corporate debt securities of companies refinancing mortgage;
- not more than 20% – corporate debt securities of companies with an external rating not lower than the sovereign one;
- not more than 19% – deposits of commercial banks with an external rating not lower than the sovereign one;
- not less than 0,5% should be kept at the correspondent account to meet obligations on pensions payments.

As at 31 December 2024 and 2023 pension savings are invested into the following financial instruments:

	31 December 2024		31 December 2023	
	Carrying amount	WAEIR**	Carrying amount	WAEIR
Debt securities of the CBU and the Ministry of Finance	5 558 353	17,45%	4 380 762	16,04%
Term deposits of credit institutions	1 742 791	14,63%	1 909 927	14,11%
Loans to customers*	117 004	26,62%	173 074	26,62%
	7 418 148		6 463 763	

* Placements in loans to customers and term deposits of credit institutions were made prior to introduction of the order or placement.

** Weighted average rate on invested funds.

Interest income calculated at the effective interest rate on pension savings' financial assets for the year ended 31 December 2024 equals to UZS 1 189 200 million (2023: UZS 955 318 million). The difference between the amounts earned from the placement of pension funds and distributed to pension accounts forms the reserve fund, which is to be directed to indexation of balances of individual pension accounts in future periods in case of deficit in the amounts earned, i.e. when the amounts that will be earned from the placement of pension funds will be lower than those to be distributed to pension accounts. As at 31 December 2024 carrying amount of the reserve fund, included in accumulated pension fund liabilities balance, equals to UZS 828 469 million (31 December 2023: UZS 425 769 million).

(millions of Uzbek Soums)

16. Equity

As at 31 December 2024 the number of authorised ordinary shares is 9 597 308 144 with a nominal value per share of UZS 1 000 (31 December 2023: 7 748 301 908 authorised ordinary shares with a nominal value per share of UZS 1 000). All authorised shares have been issued and fully paid.

According to the Decree of the President No. 3694 dated May 4, 2018, the Bank was granted a benefit on the payment of all taxes for the period up to January 1, 2023. In 2024, the Bank capitalized accumulated taxes in the amount of 12 006 million soums in the share capital as a contribution of the Ministry of Economy and Finance.

In 2024, according to the Presidential Decree №PQ-149 dated 2 April 2024, the Group's share capital was increased by UZS 1 837 000 million due to the repayment of the debt to the Fund for Reconstruction and Development of the Republic of Uzbekistan.

According to the Resolution of the President of the Republic of Uzbekistan No. PQ-149 dated April 2, 2024, the Ministry of Economy and Finance allocated 1 570 000 million soums to increase the share capital of the Bank, of which 700 000 million soums were due to cash contributions, 540 000 million soums due to repayment of a subordinated loan and 330 000 million soums due to repayment of other borrowed funds to the Ministry of Economy and Finance. As of December 31, 2024, prior to the completion of official registration, this amount is reflected in the other component of capital.

In 2023, in accordance with the Presidential Decree UP-284 dated August 23, 2023, the share capital of the Group was increased by 400 000 million soums due to a cash contribution from the Ministry of Economy and Finance.

In 2023, the Group's authorized capital was reduced by transferring 100% of shares of UZPAYNET SP LLC in the amount of 82 240 million soums, as well as equity investment in the amount of 2 838 million soums.

Earnings per share

Basic earnings per share are calculated by dividing earnings for the year attributable to common stockholders by the weighted average number of common shares. The weighted average number of shares outstanding for the year ended December 31, 2024 includes 1 570 000 000 shares of common stock fully paid but unregistered as of December 31, 2024.

The Group does not have potentially dilutive ordinary shares, so diluted earnings per share are equal to basic earnings per share.

	31 December	31 December 2023
	2024	2023
Income/(loss) attributable to shareholders of the Group	680 638	494 222
Weighted average number of common shares (millions)	9 458	7 591
Basic and diluted earnings/(loss) per share in UZS	72	65

The Group's distributable reserves to shareholders are limited to the amount of its reserves as reflected in its statutory financial statements. Undistributable reserves are represented by a reserve fund, which is created in accordance with legal requirements to cover general risks, including future losses and other unexpected risks or contingencies. In the consolidated statement of financial position, undistributable reserves are included in retained earnings.

(millions of Uzbek Soums)

17. Commitments and contingencies

Legal

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

Taxation

Uzbekistan currently has a number of laws related to various taxes imposed by both state and regional governmental authorities. Implementing regulations are often unclear or non-existent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organisations (like the State Tax Committee and its various inspectorates) thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities that are empowered by law to impose extremely severe fines, penalties and interest charges. These facts create tax risks in Uzbekistan substantially more significant than typically found in countries with more developed tax systems. Management believes that the Group is in substantial compliance with the tax laws affecting its operations. However, the risk remains that relevant authorities could take differing positions with regard to interpretive issues. As at 31 December 2024 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained.

Commitments and contingencies

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the consolidated statement of financial position.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

As at 31 December 2024 and 2023, the Group's commitments and contingencies comprised the following:

	31 December 2024	31 December 2023
Credit related commitments		
Letters of credit	-	8 211
Undrawn loan commitments	412 564	411 270
Commitments and contingencies	412 564	419 481
Provision for ECL for credit related commitments	(12 208)	(13 594)
Deposits held as securities against letters of credit	-	(8 211)

As at 31 December 2024 commitments and contingencies in the amount of UZS 323 274 million are allocated to Stage 1, UZS 51 440 million – to Stage 2, UZS 37 850 million – to Stage 3 (31 December 2023: UZS 288 822 million – to Stage 1, UZS 62 028 million – to Stage 2, UZS 60 420 million – to Stage 3).

Undrawn loan commitments, ECL	Stage 1	Stage 2	Stage 3	Itoro
1 January 2023	17 268	12 624	-	29 891
Credit loss recovery	(11 696)	(4 601)	-	(16 297)
31 December 2023	5 572	8 022	-	13 594
Credit loss recovery	343	(1 729)	-	(1 386)
31 December 2024	5 915	6 293	-	12 208

(millions of Uzbek Soums)

18. Net interest income

Net interest income for the years ended 31 December 2024 and 2023 comprises:

	2024	2023
Loans to customers	4 339 320	3 644 772
Investment securities	1 057 504	717 895
Amounts due from credit institutions	431 584	434 337
Other	4 514	–
Interest revenue calculated using effective interest rate	5 832 922	4 797 004
Other borrowed funds	(1 533 781)	(906 900)
Amounts due to customers	(473 196)	(514 242)
Amounts due to credit institutions	(228 574)	(166 380)
Subordinated loans	(37 212)	(71 731)
Interest expense calculated using effective interest rate	(2 272 763)	(1 659 253)
Net interest income	3 560 159	3 137 751

19. Net fee and commission income

Net fee and commission income for the years ended 31 December 2024 and 2023 comprises:

	2024	2023
Income received for intermediary services for bank cards	294 885	24 835
Social pension distribution income	230 892	243 311
Settlement operations	201 219	212 992
Agency fee and commission income	95 534	101 277
Settlement operations in foreign currency	29 751	29 132
Cash transactions	21 491	33 200
Terminal Operations	16 198	24 545
Other	43 814	8 339
Fee and commission income	933 784	677 630
Agency commission expenses	(261 352)	(91 445)
Settlement operations	(34 215)	(19 617)
Cash collection services	(12 334)	(53 957)
Terminal operations	(7 409)	(5 131)
Securities commissions	(5 364)	(2 327)
Other	(23 429)	(19 983)
Fee and commission expense	(344 103)	(192 460)
Net fee and commission income	589 681	485 170

20. Other income

Other income for 2024 includes profit from the sale of property in the amount of 207 721 million soums (2023: 39 375 million soums), as well as other types of income.

(millions of Uzbek Soums)

21. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	2024	2023
Salaries and bonuses	1 089 018	976 361
Social security costs	121 817	113 219
Personnel expenses	1 210 835	1 089 580
Depreciation	189 551	182 843
Utility and maintenance expense	222 850	238 823
Expenses related to property and equipment	412 401	421 666
Other operating expenses	245 984	233 949
Total operating expenses	1 869 220	1 745 195

22. Corporate governance and risk management

Corporate governance

The Bank established and maintains a comprehensive corporate governance system, which includes its shareholders, the Supervisory Board (including five of its committees), the Management Board (including two of its committees) the Internal Control and Compliance Department and the Internal Audit Department.

The Supervisory Board is represented by members with international banking and financial services experience. The Supervisory Board of the Bank represents interests of the shareholders and investors of the Bank and determines the main directions of the Bank's development. There are four independent members in the Supervisory Board.

There are five committees operating under the Supervisory Board:

- *Audit and Anti-Corruption Committee* – the main goal of the Committee is to assist the Supervisory Board in fulfilling its oversight responsibilities: to ensure the reliability and efficiency of the internal control and risk management systems;
- The independence of the Compliance Service, and compliance with the law of the Republic of Uzbekistan and internal regulatory documents, as well as making recommendations for the Supervisory Board on developing of priority areas of the Bank operations, and improving and enhancing the risk management and internal control systems;
- *Strategy and Investment Committee* – the main goal of the Committee is to support the Supervisory Board in its oversight responsibilities relating to the Bank's strategy development, business and organisation development plans, major financing and investment proposals and other material issues that affect the Bank's operations and business activities. The Committee advises on establishment of the processes of planning, implementing, assessing and adjusting the business strategy;
- *Remuneration and HR Committee* – the main goal of the Committee is to ensure that the Bank complies with the HR policy and strategy, and the internal remuneration system with regards to the laws and regulations of the Republic of Uzbekistan, internal control rules, the levels of accepted risks and risk appetite, as well as the long-term strategy and financial results. The Committee assists the Bank in implementation of effective methods and practices of HR management and motivation;
- *Corporate Governance, Nominations and Ethics Committee* – the main goal of the Committee is to assist the Supervisory Board in fulfilling its oversight responsibilities with regard to assessing all aspects of the Bank's corporate governance practices and any relevant governance issues, including opportunities for improving the governance framework, and make recommendations to the Supervisory Board with respect to any changes in the Bank's governance practices.

(millions of Uzbek Soums)

22. Corporate governance and risk management (continued)

- *Risk Management Committee* – the main goal of the Committee is to assist the Supervisory Board in fulfilling its oversight responsibilities with regard to the Bank's risk governance framework (RGF) and risk appetite statement (RAS) to ensure that Supervisory Board's decisions enable the Bank to build an efficient risk management system.

The *Management Board* comprises of experienced and trained professionals with a proven track record of achieving growth and meeting financial performance targets, and with an experience in Uzbekistan's banking market and a strong understanding of the local financial services sector. Management Board is responsible for the operating management of the Bank.

Risk management

Risk management structure

The presence of an efficient and modern risk management system integrated into all areas of the Bank's activities is one of the essential conditions for successful operation. The development and implementation of effective control procedures is the most important component of the risk management system, which is necessary for making balanced decisions in terms of risks and profitability at all levels of management. During the recent years management of the Group is focused on improvement of risk management system and implementation of effective control procedures in all key areas of the Bank's operations.

The principal risk management bodies of the Bank are:

- The Supervisory Board and the Risk Management Committee under the Supervisory Board;
- The Management Board and the committees operating under it: Asset & Liability Management Committee and Credit Committee;
- The Risk Management Department under the leadership of the Chief Risk Officer;
- The Internal Control and Compliance Department and the Internal Audit Department.

The Bank's risk management structure is based upon the principle of three lines of defense. The banking business units and financial and operating functions represent the first line of defense and are responsible for ensuring adherence to the Bank's policies and procedures on a day-to-day basis. The Risk Management Department under the leadership of the Chief Risk Officer represents the second line of defense and is responsible for monitoring and coordinating the business units and financial and operational functions. The Risk Management Department reports to the Management Board and the Supervisory Board. The Internal Audit Department represents the third line of defense. The Internal Audit Department reports to the Supervisory Board (through the Audit Committee of the Supervisory Board) and is responsible for reviewing and ensuring the integrity of the risk management processes at the Bank.

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Risk measurement and reporting systems

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Group also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

(millions of Uzbek Soums)

22. Corporate governance and risk management (continued)

Monitoring and controlling risks are primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to analyze, control and identify early risks. This information is presented and explained to the Management Board, the Risk Management Committee, and the head of each business division. The report includes aggregate credit exposure, credit metric forecasts, hold limit exceptions, liquidity ratios and risk profile changes. On a monthly basis detailed reporting of industry, customer and types of products takes place. Senior management assesses the appropriateness of the allowance for expected credit losses on a recurring basis.

Excessive risk concentration

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.

In order to avoid excessive concentrations of risks, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

During 2024 the Group implemented several initiatives to manage and control credit risk, among which are:

- A separate Complex for working with problem loans was created. Within it, separate divisions were organized for analyzing problem loans, working with loans to individuals (Field Collection) and Hard collection;
- The Soft collection system was improved, including the implementation of grouping of borrowers by disciplined behavior, optimization of the interval of calls and SMS;
- A mechanism for automatically removing overdue debt on loans and interest from any plastic cards of the borrower and guarantor for loans to individuals was introduced;
- A system for monitoring collateral was implemented;
- A "Department for assessing collateral" was created within the structure of the Risk Management Department and a mechanism for obtaining an opinion from appraisers of this department was introduced;
- Online loans were launched in the bank's mobile application – Xazna, access to which can be obtained remotely, without the human factor and without visiting the bank. Scoring is carried out automatically.

Credit-related commitments risks

The Group makes available to its customers guarantees which may require that the Group make payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit. They expose the Bank to similar risks to loans and these are mitigated by the same control processes and policies.

(millions of Uzbek Soums)

22. Corporate governance and risk management (continued)

Impairment assessment

The Group calculates ECL based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD	The <i>Probability of Default</i> is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
EAD	The <i>Exposure at Default</i> 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, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
LGD	The <i>Loss Given Default</i> is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1:	When loans are first recognised, the Group recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3:	Loans considered credit-impaired. The Group records an allowance for the LTECL.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest revenue is subsequently recognised based on a credit-adjusted EIR. ECL are only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses.

*(millions of Uzbek Soums)***22. Corporate governance and risk management (continued)***Significant increase in credit risk*

In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk using following criteria:

- ▶ The principal and/or interest on loans to customers are past due for 31–90 days;
- ▶ Loans to corporate customers, the terms of which have been renegotiated since initial recognition, while the volume of repayments of the renegotiated debt on a semi-annual basis is more than 25%;
- ▶ Loans to customers with 2 prolongations during the last 12 months;
- ▶ Loans to customers that were credit-impaired at the end of the previous quarter and that at the end of the current quarter have indicators for Stage 1 or 2;
- ▶ Delay in payment of accrued interest (coupon) and/or principal debt for more than 1 day, except for technical delays for due from banks and investment debt securities;
- ▶ External rating decreases for 2 notches;
- ▶ For financial instruments rated 'CCC+' or lower at the reporting date on the S&P Global Ratings scale.

Definition of default

Loans to customers are classified in Stage 3 for which one or more default events have occurred that have an adverse effect on the estimated future cash flows of that financial instrument. Loans to customers classified in Stage 3 are credit-impaired or non-performing (NPL). The Bank applies the following default criteria for loans to customers:

- ▶ Loans to customers for which the number of days of delay on principal or interest as of the reporting date is more than 90 days;
- ▶ Loans to customers in the category "4 – doubtful" and "5 – bad" in accordance with the Regulations on the classification procedure of the CBU;
- ▶ Loans to corporate customers, the terms of which have been renegotiated since initial recognition, while the volume of repayments of the renegotiated debt on a semi-annual basis is less than 25%;
- ▶ Loans to customers for which there is a court decision or litigation is underway;
- ▶ The presence of debt on off-balance accounts for the principal debt and/or accrued interest;
- ▶ Loans to customers with 3 prolongations during the last 12 months;
- ▶ A purchased or originated credit-impaired financial asset (POCI).

Additionally, for individually significant corporate customers, the following factors may be taken into account when classifying debt into one or another Stage:

- ▶ The nature and reason for the granted restructuring: in the case of granting the first restructuring and in the presence of a stable financial position of the borrower, it can be concluded that there are no signs of SICR or default. A similar conclusion can be made when granting restructuring by decision of higher authorities;
- ▶ Other qualitative information that would more appropriately classify the debt according to its inherent level of credit risk, for example:
 - i. violation by the borrower of covenants;
 - ii. significant negative information about the activities of the borrower, including in the media;
 - iii. presence of signs of probable non-payment by the borrower;
 - iv. downgrading of the external credit rating (if any) by 2 or more notches;
 - iv. reduction of financial support from the state, parent organization or other affiliated organization;
 - v. significant deterioration in the quality or condition of the collateral, significant financial difficulties of the guarantor or guarantor.

(millions of Uzbek Soums)

22. Corporate governance and risk management (continued)

The Bank applies the following default criteria for other financial instruments:

- ▶ Issuers with a rating of "D" at the reporting date;
- ▶ Negative information about the issuer/counterparty: liquidation, restructuring or other reorganization of the issuer/counterparty related to its inability to pay its obligations, catastrophic events as a result of which the issuer/counterparty's activities are suspended;
- ▶ Delay in accrued interest (coupon) and/or principal debt for more than 30 days;
- ▶ Purchased or originated credit-impaired financial asset (POCI);
- ▶ Cross-default event on other obligations of the issuer/counterparty.

Grouping financial assets measured on a collective basis

For the purpose of ECL calculation loans issued to customers are grouped into:

- loans issued to individuals;
- loans issued to corporate clients.

Loans to corporate customers are, in turn, grouped into homogeneous and individually significant.

For the purpose of determining the list of individually significant loans as of the reporting date, if there are several loan agreements between the Bank and the borrower, the debts under all existing agreements of such a borrower are summed up.

Individually significant borrower – a borrower whose gross carrying amount as of the reporting date exceeds materiality level. Materiality level – 2% of the amount of equity as of the reporting date, calculated in accordance with the statutory accounting rules. The materiality level is analyzed at least once a year to assess its adequacy and applicability, and based on the results of such an analysis, the materiality level may be revised.

Calculation of reserves for ECL is carried out:

- on an individual basis for credit-impaired individually significant loans to corporate customers;
- on a collective basis for other loans issued to customers.

Forward-looking information and multiple economic scenarios

The Group incorporates forward-looking information into measurement of ECL when there is a statistically proven correlation between the macro-economic variables and the NPL. As at the reporting dates, statistical tests demonstrated correlation between the GDP rate and default rates, the appropriate adjustment to ECL calculation has been made, accordingly. The management updates its statistical tests for correlation as at each reporting date.

See Note 8 for more detailed information with respect to the allowance for impairment of loans to customers.

Financial guarantees, letters of credit and loan commitments are assessed and a provision for expected credit losses is calculated in similar manner as for loans.

(millions of Uzbek Soums)

22. Corporate governance and risk management (continued)

The geographical concentration of Group's financial assets and liabilities is set out below:

				2024
	Republic of Uzbekistan	OECD	CIS and other foreign countries	Total
Assets				
Cash and cash equivalents	3 192 712	913 421	65 708	4 171 841
Amounts due from credit institutions	1 977 702	1 292	53 147	2 032 141
Loans to customers	26 822 670	-	-	26 822 670
Investment securities	8 405 621	-	-	8 405 621
Other financial assets	40 293	-	-	40 293
	40 438 998	914 713	118 855	41 472 566
Liabilities				
Amounts due to the credit institutions	3 018 488	-	14 188	3 032 676
Amounts due to customers	8 252 126	-	-	8 252 126
Other borrowed funds	15 745 016	409 249	395 574	16 549 839
Subordinated loans	188 171	-	-	188 171
Accumulated pension fund liabilities	8 556 158	-	-	8 556 158
Other financial liabilities	99 164	-	-	99 164
	35 859 123	409 249	409 762	36 678 134
Net assets/(liabilities)	4 579 875	505 464	(290 907)	4 794 432
				2023
	Republic of Uzbekistan	OECD	CIS and other foreign countries	Total
Assets				
Cash and cash equivalents	2 569 151	159 341	177 020	2 905 512
Amounts due from credit institutions	2 528 225	-	-	2 528 225
Loans to customers	21 342 202	-	-	21 342 202
Investment securities	4 397 919	-	-	4 397 919
Other financial assets	55 096	-	-	55 096
	30 892 593	159 341	177 020	31 228 954
Liabilities				
Amounts due to the credit institutions	2 610 229	-	35 586	2 645 815
Amounts due to customers	5 847 069	-	-	5 847 069
Other borrowed funds	9 978 153	3 290 976	272 412	13 541 541
Subordinated loans	790 562	-	-	790 562
Accumulated pension fund liabilities	7 383 658	-	-	7 383 658
Other financial liabilities	68 224	-	-	68 224
	26 677 895	3 290 976	307 998	30 276 869
Net assets/(liabilities)	4 214 698	(3 131 635)	(130 978)	952 085

Liquidity risk and funding management

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily regularly. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

(millions of Uzbek Soums)

22. Corporate governance and risk management (continued)

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can assess to meet liquidity needs. In addition, the Group maintains a cash deposit (obligatory reserve) with the CBU, the amount of which depends on the level of customer funds attracted.

Analysis of financial liabilities by remaining contractual maturities

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

31 December 2024	up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities					
Amounts due to credit institutions	2 533 981	68 596	296 495	395 528	3 294 600
Amounts due to customers	4 148 122	2 308 931	2 327 796	397 141	9 181 990
Other borrowed funds	423 176	1 855 561	3 791 579	32 768 472	38 838 788
Subordinated loans	7 623	9 937	51 670	240 010	309 240
Other liabilities	99 164	-	-	-	99 164
Undrawn loan commitments	412 564	-	-	-	412 564
Total undiscounted financial liabilities	7 624 630	4 243 025	6 467 540	33 801 151	52 136 346

31 December 2023	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities					
Amounts due to credit institutions	1 880 753	404 716	500 812	2 544	2 788 825
Amounts due to customers	3 487 223	58 704	1 839 158	946 603	6 331 687
Other borrowed funds	739 363	435 676	3 357 525	23 355 000	27 887 565
Subordinated loans	16 608	57 895	736 756	339 024	1 150 283
Other liabilities	68 224	-	-	-	68 224
Letters of credit	3 144	5 067	-	-	8 211
Undrawn loan commitments	-	-	223 704	187 566	411 270
Total undiscounted financial liabilities	6 195 315	962 058	6 657 955	24 830 737	38 646 065

Apart from the financial liabilities disclosed in the tables above, the Group also has accumulated pension fund liabilities with the carrying values of UZS 8 556 158 million and UZS 7 383 658 million as at 31 December 2024 and 2023, accordingly. Participants of the pension system are eligible to receive payments from the individual pension accounts upon achievement of retirement age, disability or loss of breadwinner. The Group invests pension funds in various categories of liquid financial assets as part of managing the liquidity risk associated with these liabilities (Note 15).

The Group's all commitments and contingencies are considered to be as on demand due to the fact that according to contractual terms they can be allocated to the earliest period in which they can be called. The Group expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

The Group's capability to repay its liabilities relies on its ability to realise an equivalent amount of assets within the same period of time.

(millions of Uzbek Soums)

22. Corporate governance and risk management (continued)

The Group has received significant funds from *Fund for Reconstruction and Development of the Republic of Uzbekistan*, *Ministry of Finance of the Republic of Uzbekistan*, *JSC Uzbekistan Mortgage Refinancing of Uzbekistan*, *ODDO BHF AKTIENGESELLSCHAFT DE* and *Export Promotion Agency under the Ministry of Investment and Foreign Trade of the Republic of Uzbekistan* included in other borrowed funds. Any significant withdrawal of these funds would have an adverse impact on the operations of the Group. Management believes that this level of funding will remain with the Group for the foreseeable future and that in the event of withdrawal of funds, the Group would be given sufficient notice so as to realize its liquid assets to enable repayment.

The maturity analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due in less than three months in the tables above.

Market risk

Market risk is the risk that the Group's earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices. Market risk covers interest rate risk, currency risk, credit spreads, and equity prices that the Group is exposed to. There have been no changes as to the way the Group measures risk or to the risk it is exposed or the manner in which these risks are managed and measured.

The Group is exposed to interest rate risks as it borrows funds at both fixed and floating rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings.

The Treasury Department also manages interest rate and market risks by matching the Group's interest rate position, which provides the Group with a positive interest margin. The Treasury Department conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in interest rates and its influence on the Group's profitability.

Market risk – non-trading

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a change in floating interest rates by 100 basis points, with all other variables held constant, of the Group's consolidated statement of profit or loss.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December.

	Increase in basis point (SOFR, Principal rate of the CBU) +100	Decrease in basis point (SOFR, Principal rate of the CBU) -100
Sensitivity of net interest income 2024		
Financial assets	464	(464)
Financial liabilities	(58 817)	58 817
	Increase in basis point (SOFR, Principal rate of the CBU) +100	Decrease in basis point (SOFR, Principal rate of the CBU) -100
Sensitivity of net interest income 2023		
Financial assets	6 552	(6 552)
Financial liabilities	(44)	44

The accompanying notes are an integral part of these consolidated financial statements

(millions of Uzbek Soums)

22. Corporate governance and risk management (continued)

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Treasury Department controls currency risk by managing the open currency position on the estimated basis of UZS devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations towards its national currency. The Treasury Department performs daily monitoring of the Group's open currency position with the aim to match the requirements of the Central Bank of the Republic of Uzbekistan.

The Group's exposure to foreign currency exchange rate risk is presented in the table below:

	UZS	USD	EURO	Other Currency	2024
Financial assets					
Cash and cash equivalents	2 063 186	1 967 352	126 879	14 424	4 171 841
Amounts due from credit institutions	1 978 723	53 418	-	-	2 032 141
Loans to customers	24 127 417	2 508 738	186 515	-	26 822 670
Investment securities	8 405 621	-	-	-	8 405 621
Other financial assets	18 267	22 026	-	-	40 293
Total financial assets	36 593 214	4 551 534	313 394	14 424	41 472 566
Financial liabilities					
Amounts due to credit institutions	2 081 845	950 821	10	-	3 032 676
Amounts due to customers	7 562 164	685 766	2 496	1 701	8 252 126
Other borrowed funds	12 543 943	3 598 603	407 293	-	16 549 839
Subordinated loans	188 171	-	-	-	188 171
Accumulated pension fund liabilities	8 556 158	-	-	-	8 556 158
Other financial liabilities	99 164	-	-	-	99 164
Total financial liabilities	31 031 445	5 235 190	409 799	1 701	36 678 135
Open balance sheet position	5 561 769	(683 656)	(96 405)	12 724	
2023					
Financial assets					
Cash and cash equivalents	1 509 349	1 152 690	200 926	42 547	2 905 512
Amounts due from credit institutions	2 376 752	99 087	-	52 386	2 528 225
Loans to customers	18 813 143	2 277 373	251 689	-	21 342 205
Investment securities	4 397 919	-	-	-	4 397 919
Other financial assets	38 937	15 073	1 087	-	55 096
Total financial assets	27 136 100	3 544 223	453 699	94 933	31 228 955
Financial liabilities					
Amounts due to credit institutions	2 167 172	91 963	384 843	1 837	2 645 815
Amounts due to customers	4 935 238	896 708	8 100	7 023	5 847 069
Other borrowed funds	9 884 288	3 450 060	207 193	-	13 541 541
Subordinated loans	790 562	-	-	-	790 562
Accumulated pension fund liabilities	7 383 658	-	-	-	7 383 658
Other financial liabilities	68 224	-	-	-	68 224
Total financial liabilities	25 229 142	4 438 731	600 136	8 860	30 276 869
Open balance sheet position	1 906 958	(894 508)	(146 437)	86 073	

The accompanying notes are an integral part of these consolidated financial statements

(millions of Uzbek Soums)

22. Corporate governance and risk management (continued)

The table below indicates the currencies to which the Group had significant exposure as at 31 December on its monetary assets and liabilities. The analysis calculates the effect of movement of the currency rate by 20% against the UZS, with all other variables held constant on the consolidated statement of profit or loss. The effect on equity does not differ from the effect on the consolidated statement of profit or loss. A negative amount in the table reflects a potential net reduction in the consolidated statement of profit or loss or equity, while a positive amount reflects a net potential increase.

Currency	Change in currency rate, %	Effect on loss for the year 2024	Effect on loss for the year 2023
USD	+20.00%	(136 731)	(169 189)
EURO	+20.00%	(19 281)	(25 245)
USD	-20.00%	136 731	169 189
EURO	-20.00%	19 281	25 245

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls should include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

23. Fair value measurements

Fair value measurement procedures

The Group does not have material assets or liabilities that require recurring fair value measurement. For non-recurring fair value measurements the Group can involve external valuers.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

For the purpose of fair value disclosures, the Group's has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(millions of Uzbek Soums)

23. Fair value measurements (continued)

At 31 December 2024	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Investment securities – equity securities at FVOCI	-	-	96 296	96 296
Assets for which fair values are disclosed				
Amounts due from credit institutions	-	2 032 141	-	2 032 141
Investment securities measured at amortised cost	-	8 309 325	-	8 309 325
Loans to customers	-	-	26 822 670	26 822 670
Liabilities for which fair values are disclosed				
Amounts due to credit institutions	-	3 032 676	-	3 032 676
Amounts due to customers	-	-	8 252 126	8 252 126
Other borrowed funds	-	-	16 549 839	16 549 839
Subordinated loans	-	-	188 171	188 171
At 31 December 2023				
Assets measured at fair value				
Investment securities – equity securities at FVOCI	-	-	17 559	17 559
Assets for which fair values are disclosed				
Amounts due from credit institutions	-	2 528 225	-	2 528 225
Investment securities measured at amortised cost	-	4 380 360	-	4 380 360
Loans to customers	-	-	21 342 202	21 342 202
Liabilities for which fair values are disclosed				
Amounts due to credit institutions	-	2 645 815	-	2 645 815
Amounts due to customers	-	-	5 847 069	5 847 069
Other borrowed funds	-	-	13 541 541	13 541 541
Subordinated loans	-	-	790 562	790 562

(millions of Uzbek Soums)

23. Fair value measurements (continued)

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

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	2024			2023		
	Carrying value	Fair value	Unrecognised gain/(loss)	Carrying value	Fair value	Unrecognised gain/(loss)
Financial assets						
Amounts due from credit institutions	2 032 141	1 930 492	(101 649)	2 528 225	2 451 693	(76 532)
Loans to customers	26 822 670	26 792 029	(30 641)	21 342 202	21 279 368	(62 834)
Investment securities – debt securities at amortised cost	8 309 325	8 317 858	8 533	4 380 360	4 027 704	(352 656)
Financial liabilities						
Amounts due to credit institutions	3 032 676	3 043 798	(11 122)	2 645 815	2 305 026	340 789
Amounts due to customers	8 252 126	7 976 466	275 660	5 847 069	5 946 387	(99 318)
Other borrowed funds	16 549 839	16 173 781	376 058	13 541 541	13 163 455	378 086
Subordinated loans	188 171	139 262	48 909	790 562	715 039	75 523
Total unrecognised change in fair value			565 748			203 058

Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for assets and liabilities recorded at fair value in the financial statements and those items that are not measured at fair value in the consolidated statement of financial position, but whose fair value is disclosed.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Financial assets and financial liabilities carried at amortised cost

Fair value of the quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans to customers, customer deposits, amounts due from credit institutions and amounts due to the CBU and credit institutions and other financial assets and liabilities, estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(millions of Uzbek Soums)

24. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities based on their contractual terms. See Note 22 for the Group's contractual undiscounted repayment obligations.

	2024		
	Within one year	More than one year, overdue or no stated maturity	Total
Cash and cash equivalents	4 171 841	-	4 171 841
Amounts due from credit institutions	1 382 581	649 560	2 032 141
Loans to customers	3 233 678	23 588 992	26 822 670
Investment securities	4 474 110	3 931 511	8 405 621
Property and equipment	-	1 112 835	1 112 835
Deferred income tax assets	-	1 026 919	1 026 919
Other assets	229 664	-	229 664
Repossessed assets	776 429	-	776 429
Total	14 268 303	30 309 817	44 578 120
Amounts due to credit institutions	2 591 765	440 911	3 032 676
Amounts due to customers	6 269 994	1 982 133	8 252 127
Other borrowed funds	624 041	15 925 798	16 549 839
Subordinated loans	4 371	183 800	188 171
Accumulated pension fund liabilities	289 860	8 266 298	8 556 158
Other liabilities	196 093	-	196 093
Total	9 976 124	26 798 940	36 775 064
Net	4 292 179	3 510 877	7 803 056

	2023		
	Within one year	More than one year, overdue or no stated maturity	Total
Cash and cash equivalents	2 905 512	-	2 905 512
Amounts due from credit institutions	1 377 549	1 150 676	2 528 225
Loans to customers	843 939	20 498 263	21 342 202
Investment securities	3 452 385	945 534	4 397 919
Property and equipment	-	1 050 200	1 050 200
Deferred income tax assets	-	1 126 254	1 126 254
Other assets	203 376	12 473	215 849
Repossessed assets	495 983	-	495 983
Total	9 278 744	24 783 400	34 062 144
Amounts due to credit institutions	2 263 954	381 861	2 645 815
Amounts due to customers	3 483 831	2 363 238	5 847 069
Other borrowed funds	1 146 362	12 395 179	13 541 541
Subordinated loans	3 977	786 585	790 562
Accumulated pension fund liabilities	273 243	7 110 415	7 383 658
Other liabilities	167 482	8 153	175 635
Total	7 338 849	23 045 431	30 384 280
Net	1 939 895	1 737 969	3 677 864

The accompanying notes are an integral part of these consolidated financial statements

(millions of Uzbek Soums)

25. Related party disclosures

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Transactions with government-related entities

The Group recognises the following categories of related parties:

- *Shareholders* – the government of the Republic of Uzbekistan, acting through the FRDU and the Ministry of Finance of the Republic of Uzbekistan controls over the Group;
- *Government related entities* – the Government of the Republic of Uzbekistan, directly and indirectly controls and has significant influence over a significant number of entities through its government agencies and other organizations.

The Group enters into banking transactions with these entities including but not limited to lending, deposit taking, cash settlement, foreign exchange, providing guarantees, as well as securities transactions. These transactions comprise a large portion of the Group's transactions.

- *Key management personnel*, including members of the Supervisory Board and the Management Board.

Transactions between the Bank and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and related parties are disclosed below.

(millions of Uzbek Soums)

25. Related party disclosures (continued)

The outstanding balances of related party transactions are as follows:

	2024				2023			
	Shareholders	Government related entities	Key management personnel	Total per financial statement caption	Shareholders	Government related entities	Key management personnel	Total per financial statement caption
Cash and cash equivalents	-	660 760	-	4 171 841	-	867 192	-	2 905 512
Due from credit institutions	-	1 367 571	-	2 032 141	-	2 229 467	-	2 528 225
Investment securities	5 637 307	2 259 485	-	8 405 621	3 581 336	712 000	-	4 397 919
Loans to customers, gross	-	1 305 810	273	31 525 225	-	689 757	102	26 201 643
ECL for loans to customers	-	(20 323)	-	(4 702 555)	-	(281 771)	-	(4 859 441)
Due to credit institutions	-	1 830 812	-	3 032 676	-	2 247 638	-	2 645 815
Due to customers	1 476 089	795 958	325	8 252 126	888 465	70 895	717	5 847 069
Other borrowed funds	14 138 091	1 606 926	-	16 549 839	12 106 543	955 393	-	13 541 541
Subordinated loans	188 171	-	-	188 171	790 562	-	-	790 562
Guarantees obtained	-	-	-	-	-	2 437 984	-	5 892 447
Letters of credit	-	-	-	-	-	-	-	8 211

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

	2024				2023			
	Shareholders	Government related entities	Key management personnel	Total per financial statement caption	Shareholders	Government controlled entities	Key management personnel	Total per financial statement caption
Interest income on loans	-	209 240	129	4 339 320	-	131 955	20	3 644 772
Interest income on investments securities	1 000 454	31 603	-	1 057 504	717 895	-	-	717 895
Interest income on due from credit institutions	-	284 733	-	431 584	-	343 792	-	434 337
Impairment charge for loans	-	261 448	-	(538 411)	-	77 911	-	(598 957)
Interest expense on other borrowed funds	(1 317 636)	(135 232)	-	(1 533 781)	(797 253)	3 909	-	(906 900)
Interest expense on deposits	(110 598)	(24 737)	(57)	(473 196)	(252 037)	(20 111)	(33)	(514 242)
Interest expense on due to credit institutions	-	(65 452)	-	(228 574)	-	(83 482)	-	(166 380)
Interest expense on subordinated loans	(37 212)	-	-	(37 212)	(71 731)	-	-	(71 731)
Fee and commission income	230 892	-	-	933 784	267 391	-	-	677 630
Fee and commission expense	-	(34 215)	-	(344 103)	-	(19 617)	-	(192 460)
Operating expenses	-	(131 229)	-	(1 869 220)	-	(238 823)	-	(1 745 195)
Salaries and other benefits	-	-	(6 741)	(1 089 018)	-	-	(9 068)	(976 361)
Social Security Costs	-	-	(792)	(121 817)	-	-	(1 088)	(113 219)

The accompanying notes are an integral part of these consolidated financial statements

(millions of Uzbek Soums)

26. Segment reporting

The group's activities represent a single reportable segment.

The Group provides banking services primarily in the Republic of Uzbekistan. The Group identifies a segment in accordance with the criteria set out in IFRS 8 Operating Segments and, based on the Group's type of activity, is regularly reviewed by the chief operating decision maker to review performance and allocate resources among the Group's business units.

The Chairman of the Group's Management Board was identified as the main person making operational decisions.

The Chairman of the Group Management Board reviews the group's internal reporting to assess performance and resource allocation. Based on these internal reports, management has identified a single operating segment as Banking Services.

Basically, all operating activities and assets of the Group are located in the territory of the Republic of Uzbekistan.

Interest income from investments in government securities for 2024 amounted to 17% of total interest income and amounted to 990 814 million soums (2023: 14% and 692 424 million soums).

27. Changes in liabilities arising from financing activities

	Notes	Other borrowed funds	Subordinated loans	Total liabilities from financing activities
Carrying amount at 31 December 2022		9 778 703	790 088	10 568 791
Proceeds from issue		6 551 246	-	6 551 246
Redemption		(3 198 311)	(1 892)	(3 200 203)
Foreign currency translation		366 766	-	366 766
Other		43 136	2 366	45 502
Carrying amount at 31 December 2023		13 541 541	790 562	14 332 103
Proceeds from issue		6 564 510	-	6 564 510
Redemption		(1 561 135)	(66 796)	(1 627 931)
Foreign currency translation		152 116	-	152 116
Conversion into shares	17	(2 167 000)	(540 000)	(2 707 000)
Other		19 807	4 405	24 212
Carrying amount at 31 December 2024		16 549 839	188 171	16 738 010

The "Other" line includes the effect of accrued but not yet paid interest on bonds issued, other borrowed funds and subordinated loans. The Group classifies interest paid as cash flows from operating activities.

(millions of Uzbek Soums)

28. Capital management

The Group manages regulatory capital as the Bank's capital. The Group's objectives when managing capital are to comply with the capital requirements set by the CBU, to safeguard the Bank's ability to continue as a going concern, to ensure stable growth corresponding to the strategic goals of the Group.

Compliance with capital adequacy ratios set by the CBU is monitored monthly with reports outlining their calculation reviewed and signed by the Chairman and the 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%). Actual ratio as at 31 December 2024: 19,39% (31 December 2023: 17,92%);
- 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%). Actual ratio as at 31 December 2024: 18,01% (31 December 2023: 15,65%);
- Ratio of Group's tier 1 capital to total assets less intangibles ("Leverage ratio") above a prescribed minimum level of 6% (31 December 2023: 6%). Actual ratio as at 31 December 2024: 15,25% (31 December 2023: 14,12%).

Total capital is based on the Group's reports prepared under Uzbekistan Accounting Legislation and related instructions and comprises:

	31 December 2024	31 December 2023
Tier 1	7 455 986	5 550 313
Tier 2	568 777	806 377
Total regulatory capital	8 024 763	6 356 690

Regulatory capital consists of Tier 1 capital, which comprises share capital and retained earnings excluding current year profit under local accounting principles and less intangible assets. The other component of regulatory capital is Tier 2 capital, which includes current year profit under the local accounting principles, unamortised part of subordinated loan and general allowance for impairment.

29. Material information on accounting policies

(a) Financial instruments

(i) Initial recognition of financial instruments

All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e. the date that the Group commits to purchase the asset or liability.

(ii) Classification and measurement of financial instruments

Financial assets

At initial recognition a financial asset is classified as:

- measured at amortised cost;
- measured at fair value through other comprehensive income (FVOCI);
- measured at fair value through profit or loss (FVTPL).

In general circumstances classification of financial assets depends on the business model for managing the instruments and on whether the contractual terms of financial asset are solely payments of principle and interest on the principal amount outstanding (the SPPI criterion).

(millions of Uzbek Soums)

29. Material information on accounting policies (continued)

The Group measures the following categories of financial assets at amortised cost:

- cash and cash equivalents;
- amounts due from credit institutions;
- debt investment securities;
- loans to customers;
- other financial assets.

The Group measured the following categories of financial assets at FVOCI:

- equity investment securities.

The Group does not have financial assets measured at FVTPL.

Financial liabilities

The Group classifies financial liabilities except of financial guarantee contracts, undrawn loan commitments and accumulated pension fund at amortised cost.

REPO transactions

Agreements to sell securities with an obligation to repurchase them ("direct REPO") are recorded as financing transactions.

(b) Impairment of financial instruments

The Group recognises allowances for expected credit losses (ECL) for the following financial instruments:

- debt financial assets measured at amortised cost or FVOCI;
- financial guarantee contracts;
- undrawn loan commitments.

The ECL measurement model is described in Note 21 of the 'Credit Risk' section.

(c) Taxation

The amount of income tax includes the amount of current tax and the amount of deferred tax. Income tax is recognised in profit or loss, with the exception of amounts relating to transactions recognised in other comprehensive income or transactions with shareholders recognised directly in equity, and which, respectively, are recognised in other comprehensive income or directly in equity.

The Group's operations in the Republic of Uzbekistan are also subject to a number of other taxes. Such taxes (other than VAT receivable) are recognised in profit or loss as part of administrative expenses.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, correspondent accounts with the CBU, excluding obligatory reserves, and

amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

(e) Property and equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment.

(millions of Uzbek Soums)

29. Material information on accounting policies (continued)

The Group capitalises borrowing costs eligible for capitalisation as a part of the cost of the qualifying assets. When determining the amount of borrowing cost eligible for capitalisation the Group applies a capitalisation rate to the expenditures on the qualifying asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the general-purpose borrowings of the Group that are outstanding during the period.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

- Buildings and premises	20-10 years
- Furniture and equipment	2,5-6,5 years
- Other	6,5 years

(f) Accumulated pension fund

Under the terms of operating the accumulated pension plan derived from the legislation the Group is not exposed to a significant insurance risk from operating the fund, and the Group does not guarantee any additional benefits from the plan to the participants except of those presumed by the legislation.

(g) Transactions with the shareholders

Transactions with shareholders of the Group may include various contributions and distributions other than equity contributions or dividend payments. Such transactions are accounted for in equity and presented in the consolidated statement of changes in equity for the reporting period separately from other transactions. Distributions in-kind are accounted for at carrying value of assets distributed, contributions in-kind – at fair value of assets contributed.

(h) Financial guarantee contracts and undrawn loan commitments

Financial liabilities recognised in respect of financial guarantee contracts and undrawn loan commitments are included in other liabilities.

30. Events after the reporting period

By the Resolution of the President of the Republic of Uzbekistan dated August 27, 2024 No. PP-303 "On the establishment of the National Investment Fund of the Republic of Uzbekistan", the National Investment Fund of the Republic of Uzbekistan (hereinafter referred to as the Fund) was established, and an agreement on trust management of investment assets was concluded between this Fund and Franklin Templeton Asset Management LLC (hereinafter referred to as Franklin Templeton). According to this resolution, the Bank's shares owned by the Ministry of Economy and Finance of the Republic of Uzbekistan were transferred to this Fund on May 1, 2025, and Franklin Templeton began its activities as a trustee of the Fund on May 1, 2025.

The following subsidiaries were established by the Group:

- Xalq factoring LLC;
- Xalq mikromoliya tashkiloti LLC;
- Perfect Capital Investment LLC.