Joint-Stock Commercial Bank "Kapitalbank"

Consolidated financial statements

For the year ended 31 December 2024

CONTENTS

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Independent Auditors' Report

To the Shareholders and Supervisory Board of Joint-Stock Commercial Bank Kapitalbank

Audit Opinion on the Financial Statements

Opinion

We have audited the consolidated financial statements of Joint-Stock Commercial Bank Kapitalbank (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 Auditors' 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Measurement of expected credit losses ("ECL") on loans to customers

See Note 7 and Note 27 to the consolidated financial statements.

The key audit matter	*How the matter was addressed in our audit*
Loans to customers comprise 67% of assets and are recognized net of ECL, which is regularly reviewed and sensitive to assumptions used.	We analyzed the key aspects of the Group's methodology and policies related to ECL estimates for compliance with the requirements of IFRS 9, including involvement of financial risks management specialists.
The Group uses ECL model which requires management to apply professional judgement and to make assumptions related to the following key areas: - Timely identification of significant increase in credit risk and default events related to loans to customers (Stages 1, 2 and 3 in accordance with IFRS 9);	To analyze the adequacy of the professional judgment used by management and the assumptions made in relation to the ECL allowance, we performed the following audit procedures: - For loans issued to customers, we assessed design and implementation, as well as tested the operating effectiveness of controls related to the timely recognition of overdue days in the relevant systems; - For the sample of corporate loans, potential change in ECL for which may have a significant impact on the consolidated financial statements, we tested whether stages are correctly assigned by the Group by analyzing financial and non-financial information on selected borrowers, as well as assumptions and professional judgment applied by the Group.

- Estimate of probability of default (PD) and loss given default (LGD) and exposure at default (EAD); - Expected cash flows forecast on loans to customers classified to Stage 3	- For loans to customers classified to Stages 1, 2 and 3, for which the Group assessed ECL on a collective basis, we tested the principles of appropriate models and checked the correctness of the input data used in the calculation of PD, LGD and EAD, and timely recognition of delinquencies and repayments in the respective systems, by comparing with primary documents on a sample basis.
Due to the significant volume of loans to customers and the related subjectivity inherent in estimating the amount of the ECL allowance, this area is a key audit matter.	- For corporate loans classified to Stage 3, where ECL allowance was assessed on an individual basis, we critically assessed assumptions used by the Group in estimating future cash flows, including estimated proceeds from realizable collaterals and their expected time of disposal, based on our understanding and publicly available market information. We assessed the overall predictive capability of the model used by the Group for ECL estimation by comparing the estimates made as at 1 January 2024 with the actual results for 2024 and assessed whether the disclosures in the consolidated financial statements appropriately reflect the Group's exposure to credit risk.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual Bank's report, but does not include the consolidated financial statements and our auditors' report thereon The Bank's annual report for 2024 is expected to be provided to us after the date of this audit opinion.

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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 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 those charged with governance, 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 auditors' 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 of findings from procedures performed in accordance with the requirements of the Law No. 580, dated 5 November 2019, On Banks and Banking Activity

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

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

— the Group's compliance with prudential ratios as at 31 December 2024 established by the Central Bank of the Republic of Uzbekistan;

— whether the elements of the Group'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 Group'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 Group'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 the IFRS Accounting Standards.

Based on our procedures with respect to whether the elements of the Group's internal control and organization of its risk management systems comply 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 Department was subordinated to and reported to the Supervisory Board, and the Risk Management Division was not subordinated to and did not report to divisions taking relevant risks in accordance with the regulations and recommendations issued by the Central bank of the Republic of Uzbekistan;
- the frequency of reports prepared by the Bank's Internal Audit Department during 2024 was in compliance with the requirements of the Central bank of the Republic of Uzbekistan. The reports were approved by the Bank's Supervisor Board and included observations made by the Bank's Internal Audit Department in respect of the Bank's internal control systems;
- as at 31 December 2024 the Bank established Department of Information Security as required by the Central bank of the Republic of Uzbekistan, and the information security policy was approved by the Bank's Management board. Department of Information Security was subordinated to and reported directly to the Chairman of the Management board;
- Reports by the Bank's Information Security Department 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 the Group's significant risks and for stress-testing, was approved by the authorised management bodies of the Bank in accordance with the regulations and recommendations issued by the Central bank of the Republic of Uzbekistan;
- as at 31 December 2024, the Bank maintained a system for reporting on the Group's significant risks and on the Group's capital;
- the frequency of reports prepared by the Bank's Risk Management Division and internal Audit Department during 2024, which cover the Group's risk management, was in compliance with the Bank's internal documentation. The reports included observations made by the Bank's Risk Management Division and Internal Audit Department as to their assessment of the Group's significant risks, and recommendations for improvement;
- as at 31 December 2024, the Supervisory Board and Executive Management of the Bank had responsibility for monitoring the Group'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 Group's risk management procedures and their consistent application during 2024, the Supervisory Board and Executive Management of the Bank periodically discussed the reports prepared by the Risk Management Division and Internal Audit Department and considered the proposed corrective actions.

Procedures with respect to elements of the Group'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 engagement partners on the audit resulting in this independent auditors' report are:

KPMG AUDIT

Kouznetsov A. A.
Engagement Partner
AO OOO "KPMG Audit"

Qualification certificate of banking auditor # 35 issued on 28 November 2023 by the Central Bank of the Republic of Uzbekistan

Saidov S. K.
General Director
AO OOO "KPMG Audit"

Tashkent, Uzbekistan

11 March 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of UZS)

	Note	*31 December 2024*	*31 December 2023*
Assets			
Cash and cash equivalents	5	**8 818 987**	6 227 888
Amounts due from credit institutions	6	**515 037**	1 450 808
Loans to customers	7	**31 617 406**	29 748 994
Investment securities	8	**3 912 804**	1 947 739
Assets held for sale	9	**136 657**	26 548
Property and equipment and right-of-use assets	10	**1 183 594**	1 069 111
Intangible assets	11	**264 029**	286 661
Current income tax assets	12	**27 902**	8 204
Deferred income tax assets	12	**–**	55 325
Other assets	13	**593 487**	689 726
Total assets		**47 069 903**	41 511 004
Liabilities			
Amounts due to credit institutions	14	**1 552 268**	1 889 089
Amounts due to customers	15	**37 285 103**	33 520 477
Other borrowed funds	16	**1 861 408**	1 483 671
Deferred income tax liabilities	12	**82 969**	–
Other liabilities	17	**563 192**	479 055
Total liabilities		**41 344 940**	37 372 292
Equity			
Share capital	18	**501 017**	406 017
Additional paid-in capital	18	**349 727**	349 727
Revaluation reserve for property and equipment	18	**114 581**	99 554
Retained earnings		**4 759 638**	3 283 414
Total equity		**5 724 963**	4 138 712
Total liabilities and equity		**47 069 903**	41 511 004

Approved and signed on behalf of the Group's Management:

Mayevskiy K.L.
Chairman of the Management Board of the Bank

Seal

Enikeeva E.A.
Deputy Chairman of the Management Board

11 March 2025

The accompanying notes on pages 15 to 59 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in millions of UZS)

	Note	2024	2023* (restated)
Interest income calculated using the effective interest rate	19	**6 850 738**	4 834 706
Interest expense	19	**(3 905 925)**	(2 374 418)
Net interest income		**2 944 813**	2 460 288
Provision for credit losses	20	**(273 649)**	(73 187)
Net interest income after provision for credit loss		**2 671 164**	2 387 101
Fee and commission income	21	**1 020 716**	869 200
Fee and commission expense	21	**(558 739)**	(386 051)
Other operating expense		**(68 514)**	(14 396)
Net gains from foreign currencies	22	**431 408**	424 658
Net gain/(losses) on initial recognition of financial assets measured at amortised cost		**–**	12 854
Other income		**30 720**	19 141
Personnel and other administrative expenses	23	**(1 324 171)**	(1 320 722)
Profit before income tax expense		**2 202 584**	1 991 785
Income tax expense	12	**(403 748)**	(366 910)
Net income from continuing operations		**1 798 836**	1 624 875
Net income from discontinued operations	31	**8 948**	48 769
Net profit for the year		**1 807 784**	1 673 644
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Revaluation of buildings	18	**19 370**	24 226
Income tax relating to components of other comprehensive income	18	**(3 874)**	(4 845)
Other comprehensive income for the year, net of tax		**15 496**	19 381
Total comprehensive income for the year		**1 823 280**	1 693 025

* *Certain amounts given in this column are not consistent with the consolidated financial statements as at 31 December 2023 as they reflect the reclassifications made disclosed in Note 2.*

Approved and signed on behalf of the Group's Management:

Mayevskiy K.L.
Chairman of the Management Board of the Bank

Seal

Enikeeva E.A.
Deputy Chairman of the Management Board

11 March 2025

The accompanying notes on pages 15 to 59 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of UZS)

	Note	*Share capital*	*Additional paid-in capital*	*Revaluation reserve for property and equipment*	*Retained earnings*	*Total equity*
As at 31 December 2022		406 017	349 727	81 001	1 617 302	2 454 047
Net profit for the year		–	–	–	1 673 644	1 673 644
Other comprehensive income for the year, net of tax		–	–	19 381	–	19 381
Total comprehensive income for the year, net of tax		–	–	19 381	1 673 644	1 693 025
Dividends declared to shareholders of the Bank	18	–	–	–	(8 360)	(8 360)
Depreciation of revaluation reserve for property and equipment		–	–	(828)	828	–
As at 31 December 2023		**406 017**	**349 727**	**99 554**	**3 283 414**	**4 138 712**
Net profit for the year		**–**	**–**	**–**	**1 807 784**	**1 807 784**
Other comprehensive income for the year, net of tax		**–**	**–**	**15 496**	**–**	**15 496**
Total comprehensive income for the year, net of tax		**–**	**–**	**15 496**	**1 807 784**	**1 823 280**
Distribution between participants	31	**–**	**–**	**–**	**(74 134)**	**(74 134)**
Increase in share capital	18	**95 000**	**–**	**–**	**(100 000)**	**(5 000)**
Dividends declared to shareholders of the Bank	18	**–**	**–**	**–**	**(157 895)**	**(157 895)**
Depreciation of revaluation reserve for property and equipment		**–**	**–**	**(469)**	**469**	**–**
As at 31 December 2024		**501 017**	**349 727**	**114 581**	**4 759 638**	**5 724 963**

Approved and signed on behalf of the Group's Management:

Mayevskiy K.L.
Chairman of the Management Board of the Bank

Seal

Enikeeva E.A.
Deputy Chairman of the Management Board

11 March 2025

The accompanying notes on pages 15 to 59 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of UZS)

	Note	2024	2023* (restated)
Cash flows from operating activities			
Interest received		**6 822 330**	4 857 239
Interest paid		**(3 892 598)**	(2 426 551)
Fees and commissions received		**1 019 530**	857 795
Fees and commissions, other operating expenses paid		**(628 555)**	(425 540)
Realised gains less losses from foreign currencies		**418 215**	154 702
Other income received		**19 626**	17 510
Personnel expenses paid		**(864 129)**	(699 984)
Other administrative expenses paid		**(225 221)**	(413 345)
Cash flows from operating activities before changes in operating assets and liabilities		**2 669 198**	1 921 826
Net (increase)/decrease in operating assets			
Amounts due from credit institutions		**933 487**	275 128
Loans to customers		**(1 670 255)**	(13 158 927)
Other assets, including assets held for sale		**43 544**	(368 647)
Net increase/(decrease) in operating liabilities			
Amounts due credit institutions		**(339 549)**	1 668 954
Amounts due to customers		**3 520 197**	8 789 125
Other liabilities		**(44 556)**	(7 802)
Cash generated by operating activities before income tax		**5 112 066**	(880 343)
Income tax paid		**(284 028)**	(368 630)
Net cash flows from operating activities (continuing operations)		**4 828 038**	(1 248 973)
Net cash flows from operating activities(discontinued operations)		**(160 562)**	122 373
Cash flows from investing activities			
Purchase of property and equipment and intangible assets		**(458 392)**	(417 531)
Proceeds from sale of property and equipment		**4 249**	187
Purchase of investment securities		**(4 561 564)**	(2 727 203)
Proceeds from redemption of investment securities		**2 571 565**	3 527 243
Proceeds from disposal of subsidiary, net of cash disposed of		**39 233**	–
Net cash flows used in investing activities (continuing operations)		**(2 404 909)**	382 696
Net cash flows used in investing activities (discontinued operations)		**(17 246)**	(153 455)

The accompanying notes on pages 15 to 59 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(in millions of UZS)

	Note	2024	2023* (restated)
Cash flows from financing activities			
Proceeds from other borrowed funds	16	**1 149 897**	974 925
Repayment of other borrowed funds	16	**(818 073)**	(159 275)
Lease payments		**(7 205)**	(508)
Dividends paid to shareholders of the Bank	18	**(157 895)**	(8 360)
Net cash inflow from financing activities (continuing operations)		**166 724**	806 782
Net cash inflow/(outflow) from financing activities (discontinued operations)		**165 568**	(2 570)
Effect of expected credit losses on cash and cash equivalents	20	**231**	1 147
Effect of exchange rates changes on cash and cash equivalents		**13 255**	9 860
Net increase/(decrease) in cash and cash equivalents		**2 591 099**	(82 140)
Cash and cash equivalents at the beginning of the reporting year		**6 227 888**	6 310 028
Cash and cash equivalents at the end of the reporting year	5	**8 818 987**	6 227 888

* *Certain amounts given in this column are not consistent with the consolidated financial statements as at 31 December 2023 as they reflect the reclassifications made disclosed in Note 2.*

Approved and signed on behalf of the Group's Management:

Mayevskiy K.L.
Chairman of the Management Board of the Bank

Seal

Enikeeva E.A.
Deputy Chairman of the Management Board

11 March 2025

The accompanying notes on pages 15 to 59 form an integral part of these consolidated financial statements.

(in millions of UZS)

1. Introduction

These consolidated financial statements of Joint-Stock Commercial Bank "Kapitalbank" (hereinafter, the "Bank") and its subsidiaries (together, the "Group") have been prepared in accordance with International Financial Reporting Standards (hereinafter, "IFRS") for the year ended 31 December 2024.

The Bank was established in the city of Tashkent, the Republic of Uzbekistan on 15 May 2000 in the form of a Private Open Joint-Stock Commercial Bank in accordance with the legislation of the Republic of Uzbekistan.

The Bank is registered in the Republic of Uzbekistan to carry out banking activities in accordance with the updated banking license No. 69 dated 25 December 2021, issued by the Central Bank of the Republic of Uzbekistan (hereinafter, the "CBU").

Principal activities

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

As at 31 December 2024, the Bank carries out banking activities through its Head Office and has 16 branches, 4 bank services centres, 70 bank services offices, as well as 23 mini-banks in the Republic of Uzbekistan (2023: 16 branches, 4 bank services centres, 60 bank services offices and 24 mini-banks).

The legal and actual address of the Bank's Head Office is: 7 Sayilgoh Street, 100047, Tashkent city, Republic of Uzbekistan.

The total number of the Bank's personnel as at 31 December 2024 was 3 440 employees (2023: 3 215 employees).

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

Legal entities	*31 December 2024*	*31 December 2023*
"KPB Property Holding" FE LLC (formerly, "Finance TCI" FE LLC)	**100.00**	61.54
"UB Assets Holding" FE LLC (formerly, "Continent ARM Investments" FE LLC)	**–**	38.46
Total legal entities	**100.00**	100.00

The parent company of "KPB Property Holding" FE LLC and "UB Assets Holding" FE LLC is UZUM Holding Ltd. The ultimate controlling beneficiary of UZUM Holding Ltd is Djumaev Djasur Khurshidovich through Djuzum SPV Ltd and Monoceros SPV Ltd with a combined ownership share of 48.94% (December 31, 2023: 55.51%) Also major shareholders are Gubaidullin Alexey Faritovich, Abdusamadov Maxsud Abduvalievich and Abdusamadov Ravshan Abduvalievich, through KPB SPV Ltd, which owns 31.31% (December 31, 2023: 35.50%) in UZUM Holding Ltd.

Subsidiary

As at 31 December 2024, the consolidated financial statements of the Group comprise the Bank and its subsidiaries:

Name	Country of incorporation	Share of ownership as at 31 December 2024, %	Share of ownership as at 31 December 2023, %	Business activity
"KPB Investments" LLC	Uzbekistan	**100**	–	Financial services
"KPB Pro" LLC	Uzbekistan	**100**	–	Financial services
"Kapital Akademy" LLC	Uzbekistan	**100**	–	Education
"AMAL INVESTMENTS" LLC	Uzbekistan	**99**	–	Financial services
"Uzum Bank" JSC (formerly, "Bank Apelsin" JSC)	Uzbekistan	**–**	100	Banking

In March 2024, the Bank established "KPB Investments" LLC with the authorized capital of 500 million UZS. The major activity of the company is provision of banking advisory and information services.

In April 2024 the Group disposed of its share in "Uzum Bank" JSC, details of the disposal of the subsidiary are disclosed in *Note 31*.

In July 2024, the Bank established "KPB Pro" LLC with the authorized capital of 60 000 million UZS. The principal activity of the company is provision of banking advisory and information services.

(in millions of UZS)

1. Introduction (continued)

In August 2024, the Bank established "Kapital Akademy" LLC with the authorised capital of 500 million UZS. The main activity of the company is the organisation of professional development programmes, including training of the Bank's employees.

In November 2024, "KPB Investments" LLC established "AMAL INVESTMENTS" LLC with the authorised capital of 100 million UZS. The main activity of the company is the offering of Islamic financial products.

Operating environment

Geopolitical environment

As a result of the conflict between the Russian Federation and Ukraine, many countries have imposed and continue to impose new sanctions against certain Russian entities and Russian citizens. Sanctions have also been imposed on the Republic of Belarus.

Volatility in stock and currency markets, restrictions on imports and exports, and the availability of local resources, materials and services will directly affect companies that are active in or have significant ties with the Russian Federation, the Republic of Belarus or Ukraine. However, the consequences of the current situation may directly or indirectly affect not only companies primarily related to the countries involved in the conflict.

In order to manage country risk, the Group controls transactions with counterparties within limits set by the Bank's collegial body, which are regularly reviewed.

As at 31 December 2024 the concentration of amounts receivable from Russian counterparties represented by cash and cash equivalents and amounts due from credit institutions was 1 011 866 million UZS (as at 31 December 2023: 1 114 726 million UZS).

Inflation and current economic conditions

The Group operates in the Republic of Uzbekistan. Accordingly, the Group's business is influenced by the economy and financial markets of the Republic of Uzbekistan, which have the characteristics of an emerging market. The legal, tax and administrative systems continue to evolve, but they are fraught with the risk of ambiguity in the interpretation of their requirements, which are also subject to frequent changes, which, together with other legal and fiscal barriers, creates additional problems for enterprises doing business in the Republic of Uzbekistan.

The financial condition of the Group and the results of its operating activities will continue to be influenced by political and economic transformations in the Republic of Uzbekistan, including the application of current and future legislation and tax regulation, which have a significant impact on the financial markets of the Republic of Uzbekistan and the economy as a whole. The Group's management is unable to predict all the transformations that could affect the banking sector in general and the financial position of the Group in particular.

In Uzbekistan, the following main economic indicators were observed in 2024 (*source:* cbu.uz):

- inflation: 9.8% (2023: 8.8%);
- GDP growth: 5.6% (2023: 5.7%);
- refinancing rate of the CBU: 13.5% (2023: 14.0%).

The impact of the macroeconomic and geopolitical environment has exacerbated inflationary pressures in almost all economies around the world. High and rising energy prices have a negative impact on the cost of other goods and services, which leads to a significant increase in consumer prices in many countries. Prices for many goods remain high.

The Group continues to assess the effect of these events and changes in economic conditions on its operations. Current inflationary pressures, macroeconomic and geopolitical uncertainties, including the consequences of the conflict in Ukraine, on assumptions and uncertainty of estimates related to the valuation of assets and liabilities.

After the reporting date, the Group has sufficient resources, diversified sources of liquidity and a stable funding base to ensure continuous operations and financing of customers, which is confirmed by the results of regular liquidity stress testing.

2. Basis of preparation

General

The consolidated financial statements have been prepared in accordance with the historical cost accounting principle, except as noted in the section "*Significant accounting policies*". For example, derivative financial instruments and buildings were measured at fair value.

These consolidated financial statements are presented in millions of Uzbek soums (UZS), which is the functional and presentation currency of the Bank.

(in millions of UZS)

2. Basis of preparation (continued)

General (continued)

Going concern

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

These consolidated financial statements have been prepared based on the assumption that the Group will continue as a going concern in the foreseeable future. In order to maintain the required level of liquidity, the Group is able to attract additional funds in the interbank lending market. Diversification of liquidity sources helps to minimise the Group's dependence on one source and ensure complete fulfilment of its obligations. The Group's accumulated current liquidity reserves and the available sources of additional funds allow the Group to continue to operate continuously in the long term.

Reclassifications

The following changes have been made to the 2023 information to align with the 2024 presentation. In addition to what is disclosed below, there have also been changes related to the presentation of discontinued operations

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023	Per previous report	Amount reclassified	Adjusted amount
Interest expense	(2 236 173)	(138 245)	(2 374 418)
Personnel and other operating expenses	(1 473 363)	152 641	(1 320 722)
Other operating expense	–	(14 396)	(14 396)

Consolidated statement of cash flows for the year ended 31 December 2023	Per previous report	Amount reclassified	Adjusted amount
Interest paid	(2 288 306)	(138 245)	(2 426 551)
Fees and commissions paid	(411 144)	(14 396)	(425 540)
Other operating expenses paid	(565 986)	152 641	(413 345)

In 2024, the Group revised the approach to classification of certain expenses to provide a more accurate presentation. Charges to the Fund guarantee of deposits totalling 138 245 million UZS were reclassified to "Interest expense" and expenses directly attributable to operating activities totalling 14 396 million UZS were shown as a separate line item in the consolidated statement of profit or loss and other comprehensive income for 2023. These reclassifications had no impact on the consolidated statement of financial position as at 31 December 2023.

Conversion of foreign currencies

Transactions in foreign currencies are initially translated into the functional currency at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate in effect at the reporting date. Gains and losses arising from the translation of transactions in foreign currencies are reflected in the consolidated statement of profit or loss and other comprehensive income under the heading "Net profit on foreign currency transactions". Non-monetary items accounted at historical cost in a foreign currency are translated at the exchange rate in effect on the date of the transaction. Non-monetary items carried at fair value in a foreign currency are translated at the exchange rate in effect at the date when the fair value was determined.

The difference between the contractual exchange rate for a foreign currency transaction and the official exchange rate of the CBU on the date of such transaction is included in profit less losses on foreign currency transactions.

The table below shows the exchange rates of the UZS against the US dollar and the Euro, set by the CBU:

Date	***US dollar***	***Euro***
31 December 2024	**12 920.48**	**13 436.01**
31 December 2023	12 338.77	13 731.82

(in millions of UZS)

3. Significant accounting policies

Basis of consolidation

Subsidiaries, i.e. organizations whose activities are controlled by the Group, are consolidated. Control is exercised if the Group is exposed to the risk of changes in income from participation in the investment object or has the right to receive such income, and also has the opportunity to influence these incomes through the exercise of its powers in relation to the investment object. In particular, the Group controls the investment object only if the following conditions are met:

- whether the Group has authority over the investment object (i.e. existing rights that ensure the current ability to manage the significant activities of the investment object);
- the Group's exposure to the risk of changes in income from participation in the investment object or the rights to receive such income;
- the ability of the Group to use its powers in relation to the investment object to influence the amount of income.

As a rule, it is assumed that the majority of voting rights determines the presence of control. To confirm this assumption, and if the Group has less than a majority of voting rights or similar rights in relation to the investment object, the Group takes into account all significant facts and circumstances when assessing the availability of authority in relation to this investment object:

- agreement(s) with other holders of voting rights in the investment object;
- rights provided for in other agreements;
- voting rights and potential voting rights available to the Group.

Consolidation of subsidiaries begins on the date of transfer to the Group of control over them and ends on the date of loss of control. All intra-group transactions, balances and unrealised gains on such transactions are eliminated in full; unrealised losses are also eliminated, except in cases where the relevant transaction indicates an impairment of the transferred asset. If necessary, changes are made to the accounting policies of subsidiaries to bring them in line with the accounting policies of the Group.

A change in the ownership share in a subsidiary without loss of control is accounted for as an equity transaction. Losses of a subsidiary are attributed to non-controlling interests even if this leads to a deficit balance.

If the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary (including goodwill related to it), the carrying amount of non-controlling interests, accumulated foreign exchange differences reflected in equity; recognises the fair value of the compensation received, the fair value of the remaining investment, the surplus or deficit resulting from the transaction in part of profit or loss; reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Fair value assessment

Fair value is the price that would have been received upon the sale of an asset or paid upon the transfer of a liability in a normal transaction between market participants at the valuation date. The fair value measurement assumes that a transaction for the purpose of selling an asset or transferring a liability is carried out:

- in the market that is the primary market for the asset or liability; or
- in the absence of a primary market, in the market that is most advantageous for a given asset or liability.

The Group must have access to the main or most profitable market. The fair value of an asset or liability is estimated using assumptions that would be used by market participants in setting the price of an asset or liability, provided that market participants act in their best economic interests. The assessment of the fair value of a non-financial asset takes into account the ability of a market participant to generate economic benefits either through the best and most efficient use of the asset, or by selling it to another market participant who would use the asset in the best and most effective way.

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

- level 1 – price quotes (uncorrected) in active markets for identical assets or liabilities;
- level 2 – valuation models in which inputs significant to the fair value assessment, belonging to the lowest level of the hierarchy, are directly or indirectly observable in the market;
- level 3 – valuation models in which the inputs significant for the fair value assessment, belonging to the lowest level of the hierarchy, are not observable in the market.

In the case of assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether they need to be transferred between levels of the hierarchy by re-analysing the classification (based on the lowest level of input data that is significant for the assessment of fair value as a whole) at the end of each reporting period.

(in millions of UZS)

3. Significant accounting policies (continued)

Fair value assessment (continued)

Determination of the fair value of loans issued under government programs

The loans issued by the Group in accordance with the decrees of state authorities do not have similar financial instruments on the market, were provided within the framework of government programs and, due to their uniqueness, as well as the specifics of the state lending program itself and the category of borrowers, form a separate market segment. Therefore, management believes that contractual interest rates are market rates for such loans, and therefore the Group initially records loans at fair value, which is equal to the nominal value.

Determination of the fair value of financial liabilities raised under government programs

The Group's financial liabilities are initially recognised at fair value. In case of attracting financial liabilities with interest rates different from market ones in order to form related assets under government programs, the interest rates for which, taking into account the Group's margin, also do not correspond to market ones, their nominal value is recognised as the fair value of financial liabilities.

Where other liabilities are raised under terms that differ from market conditions, the fair value of the liabilities is determined using valuation techniques that discount the liabilities at an interest rate determined as the mid-market rate for similar liabilities at the date of initial recognition.

Financial instruments

Significant provisions related to financial assets and liabilities are described in *Note 27*.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from 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.

Property and equipment

Property and equipment (except buildings) are carried at historical cost less day-to-day maintenance costs and accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying amount of property and equipment (other than buildings) is assessed for impairment in the event of events or changes in circumstances indicating that the carrying amount of this asset may not be recoverable.

After initial recognition at cost, buildings are carried at revalued cost, which is the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed frequently enough to avoid significant discrepancies between the fair value of the revalued asset and its carrying amount.

Accumulated depreciation at the date of revaluation is eliminated with a simultaneous decrease in the gross carrying amount of the asset, and the amount received is recalculated based on the revalued amount of the asset. The revaluation gain is reflected in the revaluation reserve for fixed assets in other comprehensive income, except for the amounts of restoration of the previous decrease in the value of this asset, previously reflected in profit or loss. In this case, the amount of the increase in the value of the asset is recognised in profit or loss.

A revaluation decrease is recognised in profit or loss, except for the direct offset of such a decrease against a previous increase in value for the same asset recorded in the revaluation reserve for property and equipment.

The annual transfer of amounts from the revaluation reserve for fixed assets to retained earnings is carried out in part of the difference between the amount of depreciation calculated based on the revalued book value of assets and the amount of depreciation calculated based on the original cost of assets. Upon disposal of an asset, the corresponding amount included in the revaluation reserve is transferred to retained earnings.

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

	Useful life (in years)
Buildings	20
Furniture and office equipment	5-10
Vehicles	5
Other	5-7

(in millions of UZS)

3. Significant accounting policies (continued)

Property and equipment (continued)

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

Costs related to repairs and renewals are charged when incurred and included in other operating expenses unless they qualify for capitalization

Intangible assets

Intangible assets include computer software and licenses.

Intangible assets acquired separately are initially measured at cost. The initial cost of intangible assets acquired as part of a business combination is their fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses. Intangible assets with a limited useful life are amortised over a useful life of 5 to 10 years and analysed for impairment if there are signs of possible impairment of the intangible asset.

Derivative financial instruments

Derivative financial instruments include swap and forward contracts whose value depends on or is derived from one or more underlying assets.

Derivatives are initially recognised at fair value at the trade date and subsequently re-measured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are recognised immediately in profit or loss.

Although the Bank trades in derivative instruments for risk hedging purposes, these transactions do not qualify for hedge accounting.

Share capital

Share capital

Ordinary shares and non-redeemable preferred shares with rights to discretionary dividends are reflected in equity. The costs of paying for services to third parties directly related to the issue of new shares, except in cases of business combinations, are reflected in equity as a decrease in the amount received as a result of this issue. The amount of excess of the fair value of the funds received over the nominal value of the issued shares is recorded as additional capital.

Dividends

Dividends are recognised as liabilities and deducted from equity at the reporting date only if they were declared before and including the reporting date. Information about dividends is disclosed in the financial statements if they were recommended before the reporting date, as well as recommended or announced after the reporting date, but before the date of approval of the consolidated financial statements for issue.

Segment reporting

The Group's segment reporting is based on the following operating segments: services to individuals, services to legal entities and investment banking.

Recognition of income and expenses

Revenue is recognised if there is a high probability that the Group will receive economic benefits and if revenue can be reliably estimated.

Interest and similar revenue and expenses

The Group calculates interest income on debt financial assets measured at amortised cost or at FVOCI by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired financial assets. The effective interest rate is the rate at which, when discounted, estimated future cash payments or receipts over the estimated life of a financial instrument or for a shorter period of time, where applicable, are accurately adjusted to the net carrying amount of a financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, the right to early repayment) and fees or additional expenses directly related to the instrument, which are an integral part of the effective interest rate, but does not take into account future credit losses. The carrying amount of a financial asset or financial liability is adjusted if the Group reviews estimates of payments or receipts. The adjusted carrying amount is calculated based on the initial effective interest rate, and changes in the carrying amount are recorded as interest income or expenses.

(in millions of UZS)

3. Significant accounting policies (continued)

Recognition of income and expenses (continued)

In the case of a financial asset that becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the default on a financial asset is liquidated and it is no longer credit-impaired, the Group reverts to calculating interest income based on gross value.

In the case of financial asset purchases, the Group calculates interest income by applying the effective interest rate adjusted for credit risk to the amortised cost of the financial asset. The effective interest rate adjusted for credit risk is the rate that, upon initial recognition, discounts estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Interest income on all financial assets measured under the FVTPL is recognised using the contractual interest rate as part of the item "Other interest income" in the consolidated statement of profit or loss and other comprehensive income.

Fee and commission income

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

Commission income from services that are provided over the certain period of time

Fees earned for the provision of services over a period of time are accrued over that period as respective performance obligations are satisfied. These fees include commission income, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

Commission income from the provision of transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as where the Group's performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to certain performance obligations are recognised after fulfilling the corresponding criteria. When the contract provides for a variable consideration, fee and commission income is only recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur until the uncertainty associated with the variable consideration is subsequently resolved.

Changes in accounting policy

The Group has applied certain amendments to standards that are effective for annual periods beginning on or after 1 January 2024. These amendments to standards effective from 1 January 2024 did not have any impact on the Group's consolidated financial statements.

A number of new standards that have been released but have not yet entered into force for annual periods beginning after 1 January 2024, with earlier application permitted. However, the Group has not early adopted the new and amended standards in preparing these consolidated financial statements. The following amendments to standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

'Lack of exchangeability" (Amendments to IAS 21).

Amendments to the requirements for classification and measurement of financial instruments - Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures".

IFRS 18 "Presentation and Disclosures in Financial Statements". IFRS 18 will replace IAS 1 "Presentation of Financial Statements" and will be effective for annual periods beginning on or after 1 January 2027.

4. Significant accounting judgements and estimates

Uncertainty of estimates

In the process of applying the Group's accounting policies, Management has used its judgements and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant areas of judgement and estimates are discussed below:

Impairment losses on loans to customers

The estimation of impairment losses on loans to customers requires judgement, in particular, in determining the ECL/ impairment losses and assessing whether there is a significant increase in credit risk, it is necessary to estimate the amount and timing of future cash flows and the value of collateral. Such estimates are dependent on a number of factors, changes in which may result in different amounts of estimated impairment provisions.

(in millions of UZS)

4. Significant accounting judgements and estimates (continued)

In addition, large scale business disruptions could result in liquidity problems for some organisations and consumers. The Group's ECL calculations are the result of complex models that include a number of underlying assumptions regarding the choice of input variables and their interdependencies. The elements of the ECL calculation models that are considered to be judgements and estimates include the following:

- the criteria used by the Group to assess whether there has been a significant increase in credit risk or default resulting in the estimated allowance for impairment losses on loans to customers being measured at an amount equal to the lifetime ECL;
- grouping financial assets together when their ECLs are assessed on a group basis;
- development of ECL calculation models, including various formulas and selection of input data;

The amount of valuation allowance on loans to customers recognised in the consolidated statement of financial position as at 31 December 2024 was 829 377 million UZS (31 December 2023: 570 534 million UZS). Detailed information is disclosed in *Note 7*.

Revaluation of property, plant and equipment

The Group accounts for its buildings at revalued amounts, with changes in fair value recognised in OCI. Fair value is determined using the comparative approach (based on the value of similar properties available on the market) for buildings located in Tashkent city. For buildings located in other regions of the Republic of Uzbekistan fair value is determined using the income approach (direct income capitalisation method). This is due to the lack of comparable market information due to the nature of the property.

The Group engaged an independent valuation company to determine the fair value of buildings as at 31 December 2024. The key assumptions used to determine the fair value of property, plant and equipment and sensitivity analyses are discussed in more detail in *Note 26*.

5. Cash and cash equivalents

Cash includes the following items:

	31 December 2024	*31 December 2023*
Cash on hand	**2 020 794**	1 514 509
Current accounts with the CBU rated at BB-	**3 387 568**	2 343 682
Current accounts with other credit institutions:		
Rated from AA+ to AA-	**902 024**	16 105
Rated from A+ to A-	**587 364**	455 330
Rated from BBB+ to BBB-	**109 350**	16 576
Rated from BB+ to BB-	**476 224**	202 865
Rated from B+ to B-	**19 377**	23 979
Not rated	**1 011 866**	1 114 726
Total current accounts with other credit institutions	**3 106 205**	1 829 581
Term deposits with credit institutions up to 90 days:		
Rated from B+ to B-	**–**	61 694
Rated from BB+ to BB-	**306 381**	480 614
Total cash and cash equivalents before deduction of ECL	**8 820 948**	6 230 080
Less the estimated allowance for ECL	**(1 961)**	(2 192)
Total cash and cash equivalents, net of allowance for ECL	**8 818 987**	6 227 888

As at 31 December 2024 the Group has two counterparties with total balance of 1 867 341 million UZS, except for the CBU, with balances exceeding 10% of the Group's capital (31 December 2023: no counterparties).

As at 31 December 2024, amounts due from Russian counterparties represented by cash and cash equivalents in the amount of 1 011 866 million UZS were assigned to Stage 2 for ECL measurement purposes. (As at 31 December 2023, in the amount of 1 114 726 million UZS were assigned to Stage 2 for ECL measurement purpose). Of the above amount, 1 001 323 million UZS is represented by balances with one bank, for which the parent bank's rating of BB- was used for ECL assessment (31 December 2023: 539 153 million UZS).

Other balances of cash and cash equivalents assigned to Stage 1.

(in millions of UZS)

5. Cash and cash equivalents (continued)

An analysis of changes in the ECL allowances is as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
At 31 December 2022	97	2 683	559	3 339
Changes in ECL	227	(815)	(559)	(1 147)
At 31 December 2023	**324**	**1 868**	**–**	**2 192**
Changes in ECL	**(228)**	**(3)**	**–**	**(231)**
At 31 December 2024	**96**	**1 865**	**–**	**1 961**

6. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	31 December 2024	*31 December 2023*
Mandatory reserve with the CBU	**–**	483 753
Restricted cash:		
Rated from A+ to A-	**81 658**	282 085
Rated from BB + to BB-	**198 329**	–
Total restricted cash	**279 987**	282 085
Term deposits placed for a period of more than 90 days:		
Rated from AA+ to AA-	**–**	332 093
Rated from A+ to A	**–**	94 374
Rated from BBB+ to BBB-	**200 267**	–
Rated from BB+ to BB-	**35 920**	219 841
Rated from B+ to B-	**–**	40 718
Total term deposits placed for a period exceeding 90 days	**236 187**	**687 026**
Total amounts due from credit institutions	**516 174**	1 452 864
Less the estimated allowance for ECL	**(1 137)**	(2 056)
Total amounts due from credit institutions, net of allowance for ECL	**515 037**	1 450 808

As at 31 December 2024 the Group has no accounts and deposits with banks (31 December 2023: two banks), except for the CBU, that exceed 10% of the Group's capital.

As at 31 December 2024 and 2023, all balances of amounts due from credit institutions are allocated to Stage 1 for ECL measurement purposes.

On June 13, 2024, the Board of the Central Bank of Uzbekistan decided to reduce the mandatory reserve requirement for foreign currency deposits from 18% to 14% with a view to creating conditions for lower interest rates on bank loans (source: *www.cbu.uz*).

At the same time, in view of the current state of liquidity, the Central Bank of Uzbekistan decided to increase the averaging ratio from 80% to 100% with effect from 1 July 2024. This measure enabled the Group's correspondent accounts to be replenished with the funds previously held on mandatory reserves accounts. Consequently, as of July 1, 2024, the Group maintains a mandatory reserve averaging ratio 100% on its correspondent accounts with the CBU.

Below is an analysis of changes in allowances for ECL for the year ended 31 December:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
As at 31 December 2022	2 504	–	–	2 504
Changes in ECL	(448)	–	–	(448)
As at 31 December 2023	**2 056**	**–**	**–**	**2 056**
Changes in ECL	**(919)**	**–**	**–**	**(919)**
As at 31 December 2024	**1 137**	**–**	**–**	**1 137**

(in millions of UZS)

7. Loans to customers

Loans to customers comprise:

	31 December 2024	*31 December 2023*
Loans to individuals	**18 723 463**	19 392 511
Loans to small and medium-sized businesses	**7 247 995**	3 610 045
Loans to corporate customers	**6 475 325**	7 316 972
Total loans to customers	**32 446 783**	30 319 528
Less the estimated allowance for ECL	**(829 377)**	(570 534)
Total loans to customers, net of allowance for ECL	**31 617 406**	29 748 994

The Group uses the following classification of loans by classes:

- loans to individuals - loans granted to individuals that include: car loans, mortgage loans, consumer loans and other;
- loans to small and medium-sized entities - loans and finance leases granted to small and medium-sized entities, including individual entrepreneurs.
- loans to legal entities - loans granted to customers with an organizational and legal form of ownership of joint-stock companies and limited liability companies, as well as other types of ownership;

The analysis of movements in gross carrying amount of loans for the year ended 31 December 2024 is presented below:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Gross carrying amount as at 31 December 2023	**28 744 108**	**1 074 216**	**501 204**	**30 319 528**
Newly originated assets	**16 812 093**	**–**	**–**	**16 812 093**
Assets repaid	**(13 986 019)**	**(560 478)**	**(344 624)**	**(14 891 121)**
Transfers to Stage 1	**347 518**	**(314 881)**	**(32 637)**	**–**
Transfers to Stage 2	**(1 332 644)**	**1 347 735**	**(15 091)**	**–**
Transfers to Stage 3	**(1 105 468)**	**(194 280)**	**1 299 748**	**–**
Unwinding of discount	**–**	**–**	**38 973**	**38 973**
Write offs	**–**	**–**	**(21 458)**	**(21 458)**
Other changes	**161 146**	**5 504**	**22 118**	**188 768**
As at 31 December 2024	**29 640 734**	**1 357 816**	**1 448 233**	**32 446 783**

The analysis of movements in gross carrying amount of loans and relevant ECL on loans for the year ended 31 December 2024 is presented below:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
ECL as at 31 December 2023	**306 564**	**110 750**	**153 220**	**570 534**
Newly originated assets	**114 948**	**–**	**–**	**114 948**
Assets repaid	**(75 446)**	**(34 342)**	**(55 761)**	**(165 549)**
Transfers to Stage 1	**43 129**	**(31 595)**	**(11 534)**	**–**
Transfers to Stage 2	**(12 291)**	**17 655**	**(5 364)**	**–**
Transfers to Stage 3	**(7 342)**	**(19 130)**	**26 472**	**–**
Impact on period end ECL of exposures transferred between stages and changes to models and inputs used for measuring ECL during the period	**(145 626)**	**65 876**	**400 918**	**321 168**
Unwinding of discount	**–**	**–**	**38 973**	**38 973**
Write offs	**–**	**–**	**(21 458)**	**(21 458)**
Foreign exchange adjustments	**(13 392)**	**(4 962)**	**(10 885)**	**(29 239)**
As at 31 December 2024	**210 544**	**104 252**	**514 581**	**829 377**

(in millions of UZS)

7. Loans to customers (continued)

Below is an analysis of changes in gross carrying amount and relevant ECLs in relation to consumer lending for the year ended 31 December 2023:

	Stage 1	***Stage 2***	***Stage 3***	***Total***
Gross carrying amount as at 31 December 2022	16 064 907	505 770	436 576	17 007 253
Newly originated assets	24 941 434	–	–	24 941 434
Assets repaid	(10 876 064)	(231 621)	(720 701)	(11 828 386)
Transfers to Stage 1	1 272 170	(1 272 170)	–	–
Transfers to Stage 2	(2 468 073)	2 668 843	(200 770)	–
Transfers to Stage 3	(371 557)	(610 968)	982 525	–
Unwinding of discount	–	–	18 088	18 088
Write offs	–	–	(17 864)	(17 864)
Foreign exchange adjustments	181 291	14 362	3 350	199 003
As at 31 December 2023	**28 744 108**	**1 074 216**	**501 204**	**30 319 528**

	Stage 1	***Stage 2***	***Stage 3***	***Total***
ECL as at 31 December 2022	261 009	63 009	166 470	490 488
Newly originated assets	268 024	–	–	268 024
Assets repaid	(192 893)	(37 884)	(212 420)	(443 197)
Transfers to Stage 1	93 360	(93 360)	–	–
Transfers to Stage 2	(104 833)	226 315	(121 482)	–
Transfers to Stage 3	(7 799)	(72 756)	80 555	–
Impact on period end ECL of exposures transferred between stages and changes to models and inputs used for measuring ECL during the period	(11 659)	24 672	239 920	252 933
Unwinding of discount (recognised in interest revenue)	–	–	18 088	18 088
Write offs	–	–	(17 864)	(17 864)
Foreign exchange adjustments	1 355	754	(47)	2 062
As at 31 December 2023	**306 564**	**110 750**	**153 220**	**570 534**

Changes in model parameters used for ECL estimation

In 2024, the Group updated the model for estimating ECL allowance, particularly by implementing the recovery factor in LGD calculation. As a result of the application of these calculations, the estimated provision for ECL was reduced by 27 830 million UZS.

Collateral and other mechanisms for improving credit quality

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

The main types of collateral obtained are as follows:

- commercial lending – pledge of real estate, transport, equipment and inventory;
- retail lending – pledge of transport and residential properties.

The Group also obtains guarantees from parent companies for loans to their subsidiaries.

The Group's management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement during its review of the adequacy of the allowance for loan impairment.

(in millions of UZS)

7. Loans to customers (continued)

The tables below provide an analysis of the current fair values of collateral held and credit enhancements for credit-impaired assets (Stage 3 assets) used by the Group in assessing the ECL:

As at 31 December 2024	***Gross carrying amount of loans to customers***	***Fair value of collateral - for collateral estimated at the reporting date***	***Fair value at the date of recognition/ The fair value has not been determined***
Vehicles	**1 256 022**	**1 256 022**	**–**
Real estate	**98 704**	**98 704**	**–**
Warranty and guarantee	**27 485**	**–**	**27 485**
Insurance policy	**20 231**	**20 231**	**–**
Equipment	**12 869**	**12 869**	**–**
Other	**32 922**	**–**	**32 922**
Total	**1 448 233**	**1 387 826**	**60 407**

As at 31 December 2023	***Gross carrying amount of loans to customers***	***Fair value of collateral - for collateral estimated at the reporting date***	***Fair value at the date of recognition/ The fair value has not been determined***
Real estate	339 929	339 929	–
Vehicles	102 462	102 462	–
Equipment	34 546	34 546	–
Insurance policy	16 657	16 657	–
Warranty and guarantee	7 123	–	7 123
Other	487	–	487
Total	**501 204**	**493 594**	**7 610**

The tables above do not include overcollateralization.

In the absence of collateral or other credit enhancements, ECLs for loans to customers of Stage 3 as at 31 December 2024 and 2023 would be higher by:

	31 December 2024	***31 December 2023***
Corporate customers	**109 505**	272 154
Total	**109 505**	272 154

Concentration of loans to customers

As at 31 December 2024, the concentration of loans extended by the Group to the ten largest unrelated borrowers amounts to 2 913 157 million UZS or 9% of the total gross value of loans to customers (31 December 2023: 5 649 150 million UZS, 19% of the total gross value of loans to customers). Allowance for ECL on these loans is 12 631 million UZS. (31 December 2023: 55 925 million UZS).

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

	31 December 2024	***31 December 2023***
Individuals	**18 723 463**	19 392 511
Trade and services	**7 904 369**	3 018 709
Industrial manufacturing	**3 053 564**	5 976 124
Financial services	**1 361 245**	763 426
Transport and communications	**1 173 860**	735 190
Construction	**125 658**	156 096
Textile production	**62 924**	11 433
Agriculture	**25 829**	48 268
Other	**15 871**	217 771
Total loans to customers	**32 446 783**	**30 319 528**

(in millions of UZS)

7. Loans to customers (continued)

The quality of the loan portfolio

Loans to individuals carried at amortised cost as at 31 December 2024:

As at 31 December 2024	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Non-overdue	**15 078 520**	**96 827**	**55 520**	**15 230 867**
Overdue for less than 30 days	**1 520 309**	**43 218**	**34 370**	**1 597 897**
Overdue for a period of 30-90 days	**–**	**856 523**	**82 617**	**939 140**
Overdue for a period of 91-180 days	**–**	**–**	**440 347**	**440 347**
Overdue for a period of 181-360 days	**–**	**–**	**399 213**	**399 213**
Overdue for more than 360 days	**–**	**–**	**115 999**	**115 999**
Total	**16 598 829**	**996 568**	**1 128 066**	**18 723 463**
Allowance for ECL	**(131 353)**	**(77 760)**	**(433 449)**	**(642 562)**
Carrying amount	**16 467 476**	**918 808**	**694 617**	**18 080 901**

Loans to individual customers carried at amortised cost as at 31 December 2023:

As at 31 December 2023	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Non-overdue	17 488 348	77 573	2 442	17 568 363
Overdue for less than 30 days	971 221	49 474	64	1 020 759
Overdue for a period of 30-90 days	–	670 394	–	670 394
Overdue for a period of 91-180 days	–	–	91 142	91 142
Overdue for a period of 181-360 days	–	–	41 481	41 481
Overdue for more than 360 days	–	–	372	372
Total	**18 459 569**	**797 441**	**135 501**	**19 392 511**
Allowance for ECL	**(191 642)**	**(81 011)**	**(44 427)**	**(317 080)**
Carrying amount	**18 267 927**	**716 430**	**91 074**	**19 075 431**

Loans to customers, small and medium-sized businesses, carried at amortised cost as at 31 December 2024:

As at 31 December 2024	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Non-overdue	**6 227 982**	**4 290**	**12 305**	**6 244 577**
Overdue for less than 30 days	**593 657**	**1 119**	**2 988**	**597 764**
Overdue for a period of 30-90 days	**–**	**228 926**	**5 285**	**234 211**
Overdue for a period of 91-180 days	**–**	**–**	**96 110**	**96 110**
Overdue for a period of 181-360 days	**–**	**–**	**57 203**	**57 203**
Overdue for more than 360 days	**–**	**–**	**18 130**	**18 130**
Total	**6 821 639**	**234 335**	**192 021**	**7 247 995**
Allowance for ECL	**(51 500)**	**(18 079)**	**(62 135)**	**(131 714)**
Carrying amount	**6 770 139**	**216 256**	**129 886**	**7 116 281**

Loans to customers, small and medium-sized businesses, carried at amortised cost as at 31 December 2023:

As at 31 December 2023	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Non-overdue	3 426 009	46 966	4 829	**3 477 804**
Overdue for less than 30 days	22 133	4 052	4 248	**30 433**
Overdue for a period of 30-90 days	–	18 230	6 542	**24 772**
Overdue for a period of 91-180 days	–	–	31 290	**31 290**
Overdue for a period of 181-360 days	–	–	21 424	**21 424**
Overdue for more than 360 days	–	–	24 322	**24 322**
Total	**3 448 142**	**69 248**	**92 655**	**3 610 045**
Allowance for ECL	**(49 451)**	**(7 738)**	**(38 650)**	**(95 839)**
Carrying amount	**3 398 691**	**61 510**	**54 005**	**3 514 206**

(in millions of UZS)

7. Loans to customers (continued)

The quality of the loan portfolio (continued)

The credit quality analysis of loans presented in the tables below is based on the borrowers' credit quality scale developed by the Group:

- "Low credit risk" - assets whose counterparties have a low probability of default and have a high ability to fulfill financial obligations on time. PD values for this category range from 2.7% to 9.1%;
- "Moderate credit risk" - assets whose counterparties have a moderate probability of default, demonstrate an average ability to meet financial obligations on time and require more careful attention at the monitoring stage. PD values for this category range from 3.6% to 28.0%;
- "High credit risk" - assets whose counterparties have a higher probability of default require special attention at the monitoring stage. PD values for this category range from 28.4% to 56.4%;
- "Non-performing assets" are assets that have signs of impairment, meet the definition of default.

Loans to corporate customers carried at amortised cost as at 31 December 2024:

As at 31 December 2024	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Low credit risk	**6 220 266**	**–**	**–**	**6 220 266**
Moderate credit risk	**–**	**116 716**	**–**	**116 716**
High credit risk	**–**	**10 197**	**68 537**	**78 734**
Non-performing assets	**–**	**–**	**59 609**	**59 609**
Total	**6 220 266**	**126 913**	**128 146**	**6 475 325**
Allowance for ECL	**(27 691)**	**(8 413)**	**(18 997)**	**(55 101)**
Carrying amount	**6 192 575**	**118 500**	**109 149**	**6 420 224**

Loans to corporate customers carried at amortised cost as at 31 December 2023:

As at 31 December 2023	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Low credit risk	6 833 075	–	–	6 833 075
Moderate credit risk	2 993	36 144	–	39 137
High credit risk	–	171 383	–	171 383
Non-performing assets	–	–	273 377	273 377
Total	**6 836 068**	**207 527**	**273 377**	**7 316 972**
Allowance for ECL	**(65 471)**	**(22 001)**	**(70 143)**	**(157 615)**
Carrying amount	**6 770 597**	**185 526**	**203 234**	**7 159 357**

8. Investment securities

In 2024, the Group actively participated in auctions for the placement of government securities (bonds) held by the CBU jointly with the Ministry of Finance of the Republic of Uzbekistan on the Uzbek Republican Currency Exchange. The maturity of the CBU bonds is 4 months, with interest rate of 18.9%. The maturity of the bonds of the Ministry of Finance of the Republic of Uzbekistan ranges from 3 months to 10 years, the interest rate range is from 15.0% to 18.8% per annum.

The Group's investment securities are as follows:

	31 December 2024	***31 December 2023***
Bonds of the Ministry of Finance of the Republic of Uzbekistan	**3 801 568**	907 941
CBU bonds	**100 000**	1 020 984
Other securities	**6 008**	6 014
Total investment securities measured at amortised cost	**3 907 576**	1 934 939
Less the estimated allowance for ECL	**(14 772)**	(7 200)
Total investment securities measured at amortised cost less allowance for ECL	**3 892 804**	1 927 739
Equity securities at fair value through profit or loss	**20 000**	20 000
Total investment securities	**3 912 804**	1 947 739

(in millions of UZS)

8. Investment securities (continued)

An analysis of ECL allowances in relation to investment securities at amortised cost is as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
As at 31 December 2022	9 060	–	–	9 060
Changes in ECL	(1 860)	–	–	(1 860)
As at 31 December 2023	**7 200**	**–**	**–**	**7 200**
Changes in ECL	**7 572**	**–**	**–**	**7 572**
As at 31 December 2024	**14 772**	**–**	**–**	**14 772**

9. Assets held for sale

As at 31 December 2024 and 31 December 2023, assets held for sale include buildings, motor vehicles and other repossessed collateral acquired through the transfer of ownership to the Group by a court decision or by amicable agreement in repayment of claims on loans to customers.

The Group plans to sell assets held for sale during 2025.

In 2024, the Group sold assets held for sale in the amount of 16 369 million UZS (2023: 19 921 million UZS).

(in millions of UZS)

10. Property and equipment and right-of-use asset

The movements in property and equipment were as follows:

	Buildings	*Furniture and equip-ment*	*Vehicles*	*Other*	*Construc-tion in progress*	*Right-of-use assets (buildings)*	*Total*
Cost or revalued amount							
As at 31 December 2022	359 334	178 836	33 091	404 104	46 313	7 434	1 029 112
Additions	74 307	105 003	10 494	140 423	–	184	330 411
Disposals	(4 826)	(4 503)	(864)	(5 339)	–	–	(15 532)
Regrouping	15 469	–	–	–	(15 469)	–	–
Write-off of accumulated depreciation as a result of revaluation	(19 995)	–	–	–	–	–	(19 995)
The impact of revaluation	24 226	–	–	–	–	–	24 226
As at 31 December 2023	**448 515**	**279 336**	**42 721**	**539 188**	**30 844**	**7 618**	**1 348 222**
Additions	**12 959**	**66 750**	**3 411**	**149 422**	**29 358**	**72 262**	**334 162**
Disposals (including transfer to asset held for sale)	**(42 991)**	**(3 996)**	**(1 362)**	**(10 221)**	**–**	**–**	**(58 570)**
Disposal of property and equipment of subsidiary	**–**	**(34 047)**	**(1 844)**	**(3 463)**	**–**	**(7 618)**	**(46 972)**
Write-off of accumulated depreciation as a result of revaluation	**(20 421)**	**–**	**–**	**–**	**–**	**–**	**(20 421)**
The impact of revaluation	**19 370**	**–**	**–**	**–**	**–**	**–**	**19 370**
As at 31 December 2024	**417 432**	**308 043**	**42 926**	**674 926**	**60 202**	**72 262**	**1 575 791**
Accumulated depreciation							
As at 31 December 2022	–	43 566	15 427	122 908	–	881	182 782
Accrued depreciation	23 432	33 847	6 694	61 047	–	2 456	127 476
Disposals	(1 208)	(3 817)	(788)	(5 339)	–	–	(11 152)
Write-off of accumulated depreciation as a result of revaluation	(19 995)	–	–	–	–	–	(19 995)
As at 31 December 2023	**2 229**	**73 596**	**21 333**	**178 616**	**–**	**3 337**	**279 111**
Accrued depreciation	**21 649**	**51 365**	**7 385**	**64 048**	**–**	**4 086**	**148 533**
Disposals	**(3 457)**	**(875)**	**(1 229)**	**(261)**	**–**	**–**	**(5 822)**
Disposal of property and equipment of subsidiary	**–**	**(4 445)**	**(763)**	**(19)**	**–**	**(3 977)**	**(9 204)**
Write-off of accumulated depreciation as a result of revaluation	**(20 421)**	**–**	**–**	**–**	**–**	**–**	**(20 421)**
As at 31 December 2024	**–**	**119 641**	**26 726**	**242 384**	**–**	**3 446**	**392 197**
Carrying amount							
As at 31 December 2024	**446 286**	**205 740**	**21 388**	**360 572**	**30 844**	**4 281**	**1 069 111**
As at 31 December 2024	**417 432**	**188 402**	**16 200**	**432 542**	**60 202**	**68 816**	**1 183 594**

As at 31 December 2024, property and equipment included fully depreciated assets with cost of 15 223 million UZS (31 December 2023: 30 162 million UZS).

The Group engaged independent valuation company to determine fair value of buildings owned by the Group. The revaluation date is 31 December 2024. More detailed information on the fair value of buildings is disclosed in *Note 26*.

If the buildings were measured using the cost model, the carrying amounts would be as follows:

	31 December 2024	*31 December 2023*
Initial cost	**330 619**	**348 961**
Accumulated depreciation	**(65 884)**	**(50 561)**
Carrying amount	**264 735**	**298 400**

(in millions of UZS)

11. Intangible assets

The movement of intangible assets is shown below:

	Intangible assets	*Assets under development*	*Total*
Initial cost			
As at 31 December 2022	**146 336**	**4 273**	**150 609**
Additions	213 115	1 290	214 405
Disposal	(3)	(2 034)	(2 037)
As at 31 December 2023	**359 448**	**3 529**	**362 977**
Additions	**195 580**	**912**	**196 492**
Disposal of intangible assets of subsidiary	**(188 329)**	**–**	**(188 329)**
Disposal	**(1 204)**	**–**	**(1 204)**
As at 31 December 2024	**365 495**	**4 441**	**369 936**
Accumulated depreciation			
As at 31 December 2022	46 076	–	46 076
Accrued depreciation	30 243	–	30 243
Disposal	(3)	–	(3)
As at 31 December 2023	**76 316**	–	**76 316**
Accrued depreciation	**49 011**	–	**49 011**
Disposal of intangible assets of subsidiary	**(19 420)**	–	**(19 420)**
Disposal	**–**	**–**	**–**
As at 31 December 2024	**105 907**	–	**105 907**
Net carrying amount			
As at 31 December 2023	**283 132**	**3 529**	**286 661**
As at 31 December 2024	**259 588**	**4 441**	**264 029**

As at 31 December 2024, intangible assets included fully depreciated assets with cost of 2 923 million UZS (31 December 2023: 2 729 million UZS).

12. Income tax

The income tax expense comprises:

	2024	*2023*
Current income tax charge	**269 328**	378 785
Reduction of deferred income tax – creation and reversal of temporary differences	**138 294**	(7 030)
Less deferred income tax recognised in other comprehensive income	**(3 874)**	(4 845)
Income tax expense	**403 748**	366 910

Deferred tax recognised in other comprehensive income is distributed as follows:

	2024	*2023*
Revaluation of buildings	**3 874**	4 845
Income tax recognised in other comprehensive income	**3 874**	4 845

The Group prepares income tax calculations for the current period based on tax accounting data carried out in accordance with the requirements of the tax legislation of the Republic of Uzbekistan, which may differ from IFRS.

Differences between IFRS and the tax legislation of the Republic of Uzbekistan result in certain temporary differences between carrying amount of a number of assets and liabilities for the purpose of the Group's financial statements preparation and income tax calculation.

Income tax is accrued in accordance with the Tax Code of the Republic of Uzbekistan. The current income tax rate for banks in 2024 was 20% (2023: 20%) of taxable profit.

(in millions of UZS)

12. Income tax (continued)

A reconciliation of the income tax expense based on statutory rates with actual is as follows:

	2024	*2023*
Profit before income tax	**2 202 584**	1 991 785
The legally established tax rate	**20%**	20%
Theoretical income tax expenses at the legally established tax rate	**(440 517)**	(398 357)
Tax-free profit on government securities	**72 301**	52 701
Expenses on ECL, that do not reduce the tax base	**(16 924)**	(8 673)
Other expenses that do not reduce the tax base	**(18 608)**	(12 581)
Income tax expenses	**(403 748)**	(366 910)

As at 31 December 2024, current income tax assets amounted to 27 902 million UZS (as at 31 December 2023: 8 204 million UZS).

Deferred taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount determined for tax purposes. Temporary differences as at 31 December 2024 and 2023 are mainly related to different methods of accounting for income and expenses, as well as the accounting value of certain assets.

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

		Origination and reversal of temporary differences			*Origination and reversal of temporary differences*		
	31 December 2022	*In profit or loss*	*In other comprehensive income*	*31 December 2023*	*In profit or loss*	*In other comprehensive income*	*31 December 2024*
Tax effect of deductible temporary differences							
Customer accounts	6 455	44 160	–	**50 615**	**(49 579)**	**–**	**1 036**
Investment securities	1 812	(372)	–	**1 440**	**1 514**	**–**	**2 954**
Other liabilities	(3 667)	50 208	–	**46 541**	**9 351**	**–**	**55 892**
Deferred tax asset	**4 600**	**93 996**	**–**	98 596	(38 714)	–	59 882
Tax effect of taxable temporary differences							
Loans to customers	51 425	(21 932)	–	**29 493**	**(120 184)**	**–**	**(90 691)**
Other assets	1 824	(57 661)	–	**(55 837)**	**22 847**	**–**	**(32 990)**
Property and equipment and right-of-use assets	(9 045)	744	(4 845)	**(13 146)**	**(1 131)**	**(3 874)**	**(18 151)**
Assets held for sale	(509)	(3 272)	–	**(3 781)**	**2 762**	**–**	**(1 019)**
Deferred tax liability	**43 695**	**(82 121)**	**(4 845)**	**(43 271)**	**(95 706)**	**(3 874)**	**(142 851)**
Deferred tax asset/(liability)	**48 295**	**11 875**	**(4 845)**	**55 325**	**(134 420)**	**(3 874)**	**(82 969)**

(in millions of UZS)

13. Other assets

Other assets include the following items:

	31 December 2024	*31 December 2023*
Other financial assets		
Settlements with payment systems	**37 563**	51 188
Commission income receivable	**20 670**	15 286
Less the estimated allowance for ECL	**(2 648)**	(5 988)
Total other financial assets	**55 585**	**60 486**
Other non-financial assets		
Prepayment for services	**518 133**	609 816
Prepayment for equipment and goods	**10 287**	5 021
Settlements with employees	**2 947**	2 359
Other	**6 535**	12 044
Total other non-financial assets	**537 902**	**629 240**
Total other assets	**593 487**	**689 726**

The tables below represent an analysis of movements in allowance for ECL for other financial assets:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
As at 31 December 2022	64	273	6 185	6 522
Net change for the year	3 405	(181)	(3 758)	(534)
As at 31 December 2023	**3 469**	**92**	**2 427**	**5 988**
Net change for the year	**(3 188)**	**(25)**	**(127)**	**(3 340)**
As at 31 December 2024	**281**	**67**	**2 300**	**2 648**

14. Amounts due to credit institutions

Amounts due to credit institutions include the following items:

	31 December 2024	*31 December 2023*
Amounts due to banks of the Republic of Uzbekistan	**1 384 817**	1 099 083
Amounts due to foreign banks	**152 556**	773 283
Current accounts of banks of the Republic of Uzbekistan	**11 029**	14 104
Current accounts of foreign banks	**3 866**	2 619
Total amounts due to credit institutions	**1 552 268**	**1 889 089**

As at 31 December 2024, the Group has balances of one bank in the amount of 582 918 million UZS (31 December 2023: balances of one bank in the amount of 593 928 million UZS), the amount of which exceeds 10% of the Group's capital.

Amounts due to the banks of the Republic of Uzbekistan include the balances of ten banks as at 31 December 2024 (31 December 2023: four banks).

Amounts due to foreign banks are represented by balances payable to AKA Ausfuhrkredit Gesellschaft mbH. On 20th July 2020, the Group signed an agreement to open a credit line with AKA Ausfuhrkredit Gesellschaft mbH within a limit of EUR 10.6 million. During 2020-2024, the Group received loans with a term of 1-6 years. The annual interest rate on credit lines is EURIBOR+1.3%-1.65%. The purpose of the loan is to finance export contracts.

As at 31 December 2024, the balances payable to AKA Ausfuhrkredit- Gesellschaft mbH amounted to 154 858 million UZS (31 December 2023: 196 375 million UZS). As at 31 December 2024, the Group has outstanding balances with Russian banks in the amount of 688 million UZS (31 December 2023: 510 385 million UZS).

(in millions of UZS)

15. Amounts due to customers

Amounts due to customers include the following items:

	31 December 2024	*31 December 2023*
Legal entities		
Term deposits	**9 261 041**	12 878 366
Demand deposits	**6 640 104**	5 054 511
Individuals		
Term deposits	**15 345 610**	10 411 550
Demand deposits	**6 038 348**	5 176 050
Total amounts due to customers	**37 285 103**	**33 520 477**

As at 31 December 2024, the balance held as collateral for letters of credit is 23 178 million UZS (31 December 2023: for letters of credit is 2 284 674 million UZS and 11 347 million UZS for guarantees) *Note 24*.

In accordance with the legislation of the Republic of Uzbekistan, the Group is obliged to return the deposit amount at the first request of an individual depositor. In cases where the term deposit is returned to the depositor at his request before the expiration term, interest on the deposit is not paid or is paid at a significantly lower interest rate, depending on the terms of the agreement.

As at 31 December 2024, The Group had three customers with the total amount exceeding 10% of the Groups equity each (31 December, 2023: four clients). The total balance of these customers amounted to 3 678 009 million UZS (31 December 2023: 5 626 816 million UZS) of the total amount of due to customers balance.

The accounts of the following customer categories are included in in amounts due to customers:

	31 December 2024	*31 December 2023*
Individuals	**21 383 958**	15 587 600
Corporate customers	**11 909 844**	13 351 363
State and budget organisations	**3 991 301**	4 581 514
Total amounts due to customers	**37 285 103**	33 520 477

The breakdown of amounts due to customers by industries is provided below:

	31 December 2024	*31 December 2023*
Individuals	**21 383 958**	15 587 600
Trade and other services	**3 548 650**	3 209 507
Social funds	**3 244 506**	3 746 195
Manufacturing	**3 028 766**	6 942 766
Transport and telecommunications	**2 057 818**	1 814 508
Construction	**1 211 072**	424 846
Insurance	**610 889**	131 114
Investments in financial sector	**262 744**	306 615
Agriculture and food industry	**91 805**	192 419
Other	**1 844 895**	1 164 907
Total amounts due to customers	**37 285 103**	33 520 477

16. Other borrowed funds

	31 December 2024	*31 December 2023*
Subordinated debt	**1 673 178**	1 169 980
Loans from the Government of the Republic of Uzbekistan	**137 500**	179 131
Bonds issued	**50 730**	50 806
Loans from non-bank financial institutions	**–**	83 754
Total other borrowed funds	**1 861 408**	1 483 671

(in millions of UZS)

16. Other borrowed funds (continued)

Subordinated debt

As at 31 December 2024, subordinated debt is represented by loans from non-bank institutions with maturities in 2027-2032 and interest rates of 14%-21% per annum in UZS and 5%-9% per annum in USD (as at 31 December 2023: in 2024-2027 interest rates of 14%-24% per annum in UZS and 5% per annum in USD). Subordinated debt is represented by a long-term loan from eight different counterparties as at 31 December 2024 in the amount of 1 673 178 million UZS (as at 31 December 2023, 1 169 980 million UZS from seven different counterparties).

Loans from the Government of the Republic of Uzbekistan

The funds received from the Government of the Republic of Uzbekistan are represented by a long-term interest-free loan from the Fund for Financing State Development Programs of the Republic of Uzbekistan with a maturity in 2025-2033 in the amount of 25 645 million UZS (31 December 2023: 26 169 million UZS) and a long-term loan from the Ministry of Finance of the Republic of Uzbekistan with a maturity in 2024-2035 with a nominal interest rate of 0%-10% per annum in the amount of 111 855 million UZS (31 December 2023: 152 962 million UZS).

Interest-free loans from the Fund for Financing State Development Programs of the Republic of Uzbekistan and the Ministry of Finance of the Republic of Uzbekistan were received in accordance with the Decree of the President of the Republic of Uzbekistan "*On measures for accelerated development of the service sector*" for the issuance of subsidised loans for the establishment, construction, reconstruction, repair and equipping of non-governmental preschool educational organizations at interest rate of 1% per annum and a maturity of 15 years.

Loans from the Ministry of Finance of the Republic of Uzbekistan were received in accordance with the Decree of the President of the Republic of Uzbekistan "*On additional measures to improve mortgage lending mechanisms*" for issuance of mortgage loans to individuals.

Bonds issued

As at 31 December 2024, the bonds issued are represented by bonds placed on the Republican Stock Exchange "Toshkent" with maturity in 2027 and an interest rate equal to the refinancing rate of the CBU+ 5% per annum (31 December2023: with similar maturity and interest rate).

Reconciliation of changes in other borrowed funds and cash flows from financing activities

	Total
Carrying value as at 31 December 2022	634 942
Receipts	974 925
Repayment	(159 275)
Exchange rate differences	29 854
Other	3 225
Carrying value as at 31 December 2023	1 483 671
Receipts	**1 149 897**
Repayment	**(818 073)**
Exchange rate differences	**46 948**
Other	**(1 035)**
Carrying value as at 31 December 2024	**1 861 408**

The item "Other" includes the effect of accrued but not yet paid interest on other borrowed funds. The Group classifies the interest paid as cash flows from operating activities.

(in millions of UZS)

17. Other liabilities

Other liabilities include the following items:

	31 December 2024	*31 December 2023*
Other financial liabilities		
Accrued expenses for employee benefits	**176 098**	160 759
Derivative financial instruments	**104 955**	–
Lease liabilities	**70 592**	4 649
Accounts payable to Deposit Guarantee Fund	**52 000**	37 500
Accounts payable for services	**49 936**	132 407
Settlements for money transfers	**46 037**	104 990
Liabilities to payment systems	**41 880**	26 213
ECL allowances for credit related commitments	**5 081**	3 592
Other financial liabilities	**5 282**	6 552
Other financial liabilities	**551 861**	476 662
Other non-financial liabilities		
Other tax liability	**11 331**	2 393
Other non-financial liabilities	**11 331**	2 393
Total other liabilities	**563 192**	479 055

	31 December 2024	*31 December 2023*
Assets		
Derivatives measured at fair value		
Currency swap contracts	**5 316**	–
Liabilities		
Derivatives measured at fair value		
Forward foreign exchange contracts	**(102 099)**	–
Currency swap contracts	**(8 172)**	–
Total	**(104 955)**	**–**

Financial derivatives

The Group enters into derivative financial instruments, such as currency swaps and forwards, to manage liquidity by currency and to hedge currency risk. The financial results of these transactions are recorded at the time they are entered into. However, until the transactions are closed, the balance sheet reflects the revaluation of currency positions, which can fluctuate significantly due to the volatility of the exchange rate.

	31 December 2024		*31 December 2023*	
	Forward notional receivable	*Forward notional payable*	*Forward notional receivable*	*Forward notional payable*
Currency forward contracts:				
Buying US Dollars for Uzbek Sum	1 149 013	(1 251 111)	–	–
Currency Swap Contracts:				
Buying US Dollars for Uzbek Sum	846 716	(841 400)	–	–
Buying Euro for Uzbek Sum	141 058	(149 230)	–	–
Total foreign exchange forward contracts	**2 136 787**	**(2 241 742)**	**–**	**–**
Total	**–**	**(104 955)**	**–**	–

The table above shows the notional amounts of derivative instruments.

The table above summarises the fair value of the Group's foreign currency and interest rate derivative contracts receivable or payable at the reporting date by currency. The table includes contracts with settlement dates after the end of the respective reporting period; the amounts are grossed up before the netting of any counterparty positions (and payments).

(in millions of UZS)

18. Share capital

The table below shows movements of issued, fully paid and outstanding shares:

	Number of shares, pieces		*Nominal value, UZS*					
	Ordinary	***Preference***	***Ordinary***	***Preference***	***Adjust-ment for inflation***	***Total share capital***	***Share premium reserve***	***Total***
As at 31 December 2022	388 826 498	40 000 000	950	950	(1 368)	406 017	349 727	755 744
Decrease in share capital	–	**(40 000 000)**	–	**950**	–	**(38 000)**	–	**(38 000)**
Increase in share capital	**40 000 000**	–	**950**	–	–	**38 000**	–	**38 000**
As at 31 December 2023	**428 826 498**	–	**950**	–	**(1 368)**	**406 017**	**349 727**	**755 744**
Increase in share capital	**95 000 000**	–	**950**	–	–	**95 000**	–	**95 000**
As at 31 December 2024	**523 826 498**	–	**950**	–	**(1 368)**	**501 017**	**349 727**	**850 744**

As at 31 December 2024, and 31 December 2023, all the authorised shares were issued and fully paid.

According to the legislation of the Republic of Uzbekistan, only accumulated retained earnings can be distributed as dividends to the shareholders of the Group in accordance with the consolidated financial statements of the Group prepared in accordance with national accounting policies. The Group's share capital was formed by shareholders' contributions, and the shareholders are entitled to receive dividends in UZS.

Based on the decision of the general meeting of Shareholders dated 27 June 2024, the Bank decided to issue 100 million ordinary shares with a nominal value of 950 UZS per share. The issue was paid by capitalisation of retained earnings. The updated charter of the Bank was registered on 9 August 2024.

Additional issue of shares was made in order to fulfil the requirement of the legislation of the Republic of Uzbekistan on the minimum amount of the authorised capital. Starting from 2025, the authorised capital of banks must exceed 500 000 million UZS.

Dividends

In 2024, the Bank declared and paid dividends in the amount of 157 895 million UZS on ordinary shares (299 UZS per share) (2023: 8 360 million UZS (209 UZS per share) on preferred shares).

Additional paid-in capital

Additional paid-in capital is the amount of issue income by which capital contributions exceeded the nominal value of the issued shares.

Revaluation reserve for property and equipment

The revaluation reserve for property and equipment is used to reflect an increase in the fair value of buildings, as well as a decrease in this value, but only to the extent that such a decrease is related to a previous increase in the value of the same asset previously recognised in equity.

On 31 December 2024, the revaluation reserve amounted to 114 581 million UZS (31 December 2023, 99 554 million UZS). In 2024, the Group recognised the following changes in the value of buildings as part of the revaluation reserve for property and equipment:

- revaluation recognised in other comprehensive income in the amount of 19 370 million UZS;
- effect on deferred income tax recognised in other comprehensive income in the amount of 3 874 million UZS.

(in millions of UZS)

19. Net interest income

Net interest income includes the following items:

	2024	*2023 * (restated)*
Loans to customers	**6 210 511**	4 535 087
Investment securities	**543 058**	261 536
Other interest income	**97 169**	38 083
Total interest income calculated using the effective interest rate	**6 850 738**	4 834 706
Amounts due to customers	**3 451 993**	1 984 027
Amounts due to credit institutions	**139 884**	151 988
Other borrowed funds	**198 555**	126 295
Accounts payable under repurchase agreements	**108 582**	111 104
Other interest expenses	**6 911**	1 004
Total interest expenses	**3 905 925**	2 374 418
Net interest income	**2 944 813**	2 460 288

20. Provision for credit losses

The table below shows the ECL expenses on financial instruments reflected in the consolidated statement of profit or loss for the year ended 31 December 2024:

	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Cash and cash equivalents	5	**228**	**3**	**–**	**231**
Amounts due from credit institutions	6	**919**	**–**	**–**	**919**
Loans to customers	7	**82 628**	**1 536**	**(354 731)**	**(270 567)**
Investment securities	8	**(7 572)**	**–**	**–**	**(7 572)**
Other financial assets	13	**3 188**	**25**	**127**	**3 340**
Total provision for credit losses		**79 391**	**1 564**	**(354 604)**	**(273 649)**

The table below shows the ECL expenses on financial instruments reflected in the consolidated statement of profit or loss for the year ended 31 December 2023:

	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Cash and cash equivalents	5	(227)	815	559	1 147
Amounts due from credit institutions	6	448	–	–	448
Loans to customers	7	(45 096)	(47 966)	15 886	(77 176)
Investment securities	8	1 860	–	–	1 860
Other financial assets	13	(3 405)	181	3 758	534
Total provision for credit losses		(46 420)	(46 970)	20 203	(73 187)

(in millions of UZS)

21. Net fee and commission income

Net fee and commission income includes the following items:

	2024	*2023*
Transactions with plastic cards	**536 646**	443 142
International cash transfers	**285 043**	115 056
Settlement operations	**108 661**	220 631
Commission on letters of credit	**37 370**	17 676
Currency conversion	**21 389**	25 814
Cash operations	**21 014**	37 024
Commission on Guarantees	**1 830**	3 204
Others	**8 763**	6 653
Fee and commission income	**1 020 716**	869 200
Transactions with plastic cards	**423 354**	259 127
Settlement operations	**72 860**	33 262
International cash transfers	**32 219**	51 292
Currency conversion	**12 096**	15 317
Letters of credit	**7 874**	12 083
Cash collection services	**7 231**	7 325
Others	**3 105**	7 645
Fee and commission expense	**558 739**	386 051
Net fee and commission income	**461 977**	483 149

Performance obligations and revenue recognition policy

Commission income from contracts with customers is measured based on the consideration specified in the contract. The Group recognises revenue when it transfers control of the service to the customer.

The following table provides information about the nature and timing of contractual obligations with customers, including key payment terms and related accounting policies for revenue recognition.

Type of service	Character and terms of performance of obligations, including material terms of payment	Revenue recognition in accordance with IFRS 15
Retail and corporate services	The Group provides banking services to retail and corporate customers, including plastic card transactions, international cash transfers, currency conversion, settlement operations and cash operations, account maintenance, guarantees and letters of credit. Fees are charged at set rates at the time of the transaction or by debiting the relevant commission amounts from the customer's account on a monthly basis at fixed rates reviewed monthly by the bank manager.	Fees and commissions for services rendered on maintaining accounts, issuing guarantees and letters of credit are recognised as the services are rendered. Commission fees for transactions with plastic cards, international cash transfers, currency conversion are recognised when the respective transactions (operations) are performed.

The fee and commission income by type of service is as follows:

	2024			*2023*		
	Services to individuals	*Services to legal entities*	*Total*	*Services to individuals*	*Services to legal entities*	*Total*
Transactions with plastic cards	**465 900**	**70 746**	**536 646**	374 170	68 972	443 142
International cash transfers	**175 690**	**109 353**	**285 043**	40 183	74 873	115 056
Settlement operations	**1 431**	**107 230**	**108 661**	5 600	215 031	220 631
Commission on letters of credit	**–**	**37 370**	**37 370**	–	17 676	17 676
Currency conversion	**482**	**20 907**	**21 389**	927	24 887	25 814
Cash operations	**9 536**	**11 478**	**21 014**	21 566	15 458	37 024
Commission on Guarantees	**–**	**1 830**	**1 830**	–	3 204	3 204
Others	**5 629**	**3 134**	**8 763**	6 248	405	6 653
Fee and commission income	**658 668**	**362 048**	**1 020 716**	448 694	420 506	869 200

(in millions of UZS)

22. Net gains from foreign currencies

Net profit on foreign currency transactions is presented as follows:

	2024	*2023*
Trading operations	**497 022**	622 892
Unrealised losses on foreign exchange derivative instruments transactions	**(104 955)**	(2 321)
Foreign exchange revaluation	**39 341**	(195 913)
Total net foreign exchange gain	**431 408**	424 658

23. Personnel and other administrative expenses

Staff costs and other operating expenses are presented as follows:

	2024	*2023* (restated)*
Salaries and bonuses	**793 051**	734 731
Social security contributions	**92 719**	86 257
Total personnel expenses	**885 770**	820 988
Depreciation	**188 142**	143 300
Security	**43 092**	36 750
Rent	**24 371**	15 694
Charity and sponsorship	**25 943**	27 748
Advertising	**23 816**	27 855
Repairs	**24 398**	30 831
Taxes other than income tax	**18 706**	26 797
Professional services	**16 654**	96 053
Communication	**14 701**	19 934
Stationery	**10 681**	39 989
Other	**47 897**	34 783
Total other administrative expenses	**438 401**	499 734
Total staff costs and other administrative expenses	**1 324 171**	1 320 722

Expenses for professional services for 2024 include expenses for audit services in the amount of 4 810 million UZS (2023: 4 758 million UZS)

24. Contingencies

Legal issues

In the ordinary course of business, the Group is the 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.

Tax legislation

Currently, in the Republic of Uzbekistan there are a number of legislative acts regulating the system of taxes paid to the Republican and local state budgets. These taxes include value added tax, income tax, social taxes, and other taxes. The tax legislation of the Republic of Uzbekistan is subject to varying interpretations and subject to frequent changes. Often there are different opinions on the interpretation of legislative acts, both between different authorities and within one authority (i.e. the State Tax Committee and its various inspections), which creates uncertainty and grounds for various disputes. Tax returns and other legal obligations (for example, aspects of customs and currency regulation) are the subject to reviewand inspection by a number of agencies that, are entitled by law to impose significant administrative penalties (including fines and penalties) and may take a more assertive position in the interpretation of legislation and verification of tax calculations. As consequence, tax bodies can make a complaint on those deals and methods of the account on which earlier they did not show claims.

This situation creates a greater probability of occurrence of tax risks in the Republic of Uzbekistan than, for example in other countries with more developed taxation systems. Tax audits may cover three calendar years of activity immediately preceding the year of the audit. Under certain conditions, earlier periods may also be subject to audit.

As at 31 December 2024, the Group's Management believes that it adheres to an adequate interpretation of the relevant legislation, and the Group's position on tax, currency and customs issues will be supported by regulatory authorities.

(in millions of UZS)

24. Contingencies (continued)

Credit related commitments

The main purpose of these instruments is to ensure that funds are available to customers as required. The total amount of guarantees liabilities, letters of credit and unused loan facilities does not necessarily represent future cash requirements, as the expiration or cancellation of these liabilities may be possible without providing the borrower with funds. Nevertheless, there is a potential risk, therefore, in the consolidated statement of financial position, among other obligations under guarantees, a provision was made for credit related commitments with respect to the guarantees provided, depending on the financial condition of the customer. With respect to commitments and unused credit lines, the Group is less exposed to the risk of losses, since in case of impairment of loans issued, the Group will not provide the remaining amounts, therefore, the provision for these credit related commitments is null.

The outstanding credit related commitments are as follows:

	31 December 2024	*31 December 2023**
Letters of credit		
With post-financing	**222 874**	20 887
Without post-financing	**1 491 962**	3 653 232
Guarantees		
Financial guarantees	**29 834**	68 198
Performance guarantees	**25 934**	–
Undrawn loan commitments	**107 738**	111 803
Credit related commitments	**1 878 342**	3 854 120
ECL allowances for credit related commitments *(Note 17)*	**5 081**	3 592
Deposits held as security against letters of credit *(Note 15)*	**–**	2 284 674
Deposits held as security against guarantees *(Note 15)*	**23 178**	11 347

Below is an analysis of changes in allowances for ECL for the year ended 31 December 2024:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
As at 31 December 2022	7 366	–	–	7 366
Net change for the year	(3 774)	–	–	(3 774)
As at 31 December 2023	**3 592**	**–**	**–**	**3 592**
Net change for the year	**1 489**	**–**	**–**	**1 489**
As at 31 December 2024	**5 081**	**–**	**–**	**5 081**

25. Related party transactions

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. The prices and terms of these transactions may differ from those of transactions between unrelated parties.

In 2024, the Group sold its entire 57% share in "Uzum Bank" JSC to "Continent ARM Investments" FE LLC, a related party under common control. Details are disclosed in *Note 31*.

The outstanding balances of related party transactions as at the end of the reporting period are as follows:

	31 December 2024				*31 December 2023*			
	Parent company	*Other share-holders*	*Entities under common control*	*Key mana-gement personnel*	*Parent company*	*Other share-holders*	*Entities under common control*	*Key mana-gement personnel*
Assets								
Loans to customers	**–**	**4 230**	**1 632 231**	**16 716**	–	2 215	850 418	5 042
Estimated allowance for ECL	**–**	**(14)**	**(6 441)**	**(55)**	–	(17)	(9 091)	(79)
Liabilities								
Amounts due to customers	**28**	**202 575**	**522 728**	**190 347**	–	163 918	81 762	233 337

(in millions of UZS)

25. Related party transactions (continued)

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

	31 December 2024				*31 December 2023*			
	Parent company	*Other share-holders*	*Entities under common control*	*Key mana-gement personnel*	*Parent company*	*Other share-holders*	*Entities under common control*	*Key mana-gement personnel*
Interest income calculated using the effective interest rate	**–**	**478**	**103 815**	**840**	–	365	53 949	950
Fee and commission income	**254**	**31**	**2 898**	**7**	–	–	–	–
Interest expenses	**(114)**	**(28 847)**	**(10 282)**	**(14 985)**	–	(21 105)	(2 298)	(14 253)
Credit loss expense	**–**	**3**	**2 650**	**24**	–	549	(9 091)	29

Loans to other shareholders, organizations under general control and key management personnel were provided with the maturity from 3 to 15 years, in UZS in foreign currency with an interest rate of 9% to 25% and 4% to 14% per annum, respectively. Amounts due to customers are presented by demand deposits and term deposits placed both in UZS and in foreign currency. Term deposits from the parent company, other shareholders and key management personnel in UZS were attracted at an interest rate of 16% to 20% per annum, in foreign currency the interest rate was from 3% to 8.5% respectively. The category of other shareholders includes individuals who are both shareholders of Uzum Holding and part of the key management personnel.

Remuneration of key management personnel was comprised of the following:

	2024	*2023*
Salaries and other short-term employee benefits	**86 138**	51 604
Social security contributions	**10 337**	6 193
Total key management personnel remuneration	**96 475**	57 797

26. Fair value measurements

Fair value hierarchy

For the purpose of fair value disclosure, the Group classified assets and liabilities based on the nature, characteristics and risks of the asset or liability, and also determined the level in the fair value hierarchy as at 31 December 2024 and 31 December 2023. Details of the hierarchy levels used are provided in sections 3 of these consolidated financial statements).

	Fair value measurement using			
As at 31 December 2024	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Property and equipment – buildings	**–**	**–**	**417 432**	**417 432**
Investment securities	**–**	**20 000**	**–**	**20 000**
Assets for which fair value is disclosed				
Cash and cash equivalents	**2 020 794**	**6 798 193**	**–**	**8 818 987**
Amounts due from credit institutions	**–**	**513 995**	**–**	**513 995**
Loans to customers	**–**	**–**	**31 617 406**	**31 617 406**
Investment securities	**–**	**3 891 043**	**–**	**3 891 043**
Other financial assets	**–**	**–**	**55 585**	**55 585**
Liabilities for which fair value is disclosed				
Amounts due to credit institutions	**–**	**–**	**1 534 332**	**1 534 332**
Amounts due to customers	**–**	**–**	**37 285 103**	**37 285 103**
Other borrowed funds	**–**	**–**	**1 761 901**	**1 761 901**
Other financial liabilities	**–**	**–**	**446 906**	**446 906**
Liabilities measured at fair value	**–**	**104 955**	**–**	**104 955**

(in millions of UZS)

26. Fair value measurements (continued)

Fair value hierarchy (continued)

As at 31 December 2023	*Fair value measurement using* Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Property and equipment – buildings	–	–	446 286	446 286
Investment securities	–	20 000	–	20 000
Assets for which fair value is disclosed				
Cash and cash equivalents	1 514 509	4 713 379	–	6 227 888
Amounts due from credit institutions	–	1 426 907	–	1 426 907
Loans to customers	–	–	29 748 994	29 748 994
Investment securities	–	1 955 244	–	1 955 244
Other financial assets	–	–	60 486	60 486
Liabilities for which fair value is disclosed				
Amounts due to credit institutions	–	–	1879 274	1 879 274
Amounts due to customers	–	–	33 520 477	33 520 477
Other borrowed funds	–	–	1 388 183	1 388 183
Other financial liabilities	–	–	476 662	476 662

The Group classifies assets held for sale that are measured at fair value less costs to sell with a carrying amount of of 136 657 million UZS to level 3 for fair value measurement purposes (31 December 2023: 26 548 million UZS also categorized level 3).

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.

	31 December 2024			*31 December 2023*		
	Carrying value	*Fair value*	*Unrecog-nised gain/(loss)*	*Carrying value*	*Fair value*	*Unrecog-nised gain/(loss)*
Financial assets						
Amounts due from credit institutions (2024: 4%-16%, 2023: 4%-13%)	**515 037**	**513 995**	**(1 042)**	1 450 808	1 426 907	(23 901)
Investment securities (2024: 18%, 2023: 17%)	**3 912 804**	**3 911 043**	**(1 761)**	1 947 739	1 975 244	27 505
Financial liabilities						
Amounts due to credit institutions (2024: 5%-16%, 2023: 10%)	**1 552 268**	**1 534 332**	**17 936**	1 889 089	1 879 274	9 815
Other borrowed funds (2024: 5%-20%, 2023: 4%-14%)	**1 861 408**	**1 761 901**	**99 507**	1 483 671	1 388 183	95 488
Total unrecognised change in fair value	**7 841 517**	**7 721 271**	**114 640**	**6 771 307**	**6 669 608**	**108 907**

The fair value of other assets and liabilities, not disclosed in the table above, is equal to their carrying amount at the reporting date.

Valuation techniques and assumptions

The following describes the models 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 statement of financial position, but whose fair value is disclosed.

(in millions of UZS)

26. Fair value measurements (continued)

Fair value hierarchy (continued)

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months), it is assumed that the carrying amount approximates their fair value. This assumption is also applied to demand deposits and savings accounts.

Investment securities

Investment securities valued using a valuation technique or pricing models primarily consist of unquoted equity and debt securities. These securities are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data.

Financial assets and financial liabilities 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, amounts due to the CBU, amounts due to credit institutions, other financial assets and liabilities is estimated by discounting future cash flows using rates currently available for debt with similar terms, credit risk and remaining maturities.

Property and equipment – buildings

The fair value of real estate was determined using a comparative approach (based on market prices for offers of similar real estate) for buildings located in Tashkent, and an income approach (direct capitalization method) for other regions of the Republic of Uzbekistan.

The comparative approach is based on market transaction prices, significantly adjusted for differences in the nature, location, or condition of the property. In determining the cost of a similar building, the Group applies judgement on the impact on the market value of the following aspects:

- adjustment for bargain;
- adjustment for size of the building;
- adjustment for location.

When estimating the fair value of real estate by income method, a capitalization rate of 15.62% per annum was used (2023: 16.10%). The increase in capitalization rate would reduce the fair value of buildings. The sensitivity analysis is given below, with an increase in the capitalization rate:

Currency	*Change in the capitalization rate, in % 2024*	*Impact on the cost of buildings 2024*	*Change in the capitalization rate, in % 2023*	*Impact on the cost of buildings 2023*
Effect on the buildings value	**+1%**	**(3 521)**	+1%	(4 460)
	–1%	**3 521**	–1%	4 460

For income approach (direct income capitalization method) the following assumptions were used:

- rental rates used by the valuation company were calculated based on the analysis of rental rates (rental offers) for comparative objects;
- when calculating the potential gross income, the total area of the premises was used, which isa typical approach for the analysed local non-residential real estate markets;
- the amount of average market rental rate that was used within the income approach, takes into account the number of population and the degree of development of the commercial real estate market in the towns where the valuation objects are situated.

As at the valuation date 31 December 2024, the fair value of real estate is based on estimates made by an independent certified appraiser, "Veritas" LLC.

(in millions of UZS)

27. Risk management

Introduction

Risk is inherent in the Group's activities. The Group manages risks through an ongoing process of identification, assessment and monitoring, as well as through the establishment of risk limits and other internal control measures. The risk management process is crucial to maintaining stable profitability of the Group, and each individual employee of the Group is responsible for the risks associated with his or her responsibilities. The Group is exposed to operational risk, credit risk, liquidity risk and market risk, which, in turn, is divided into trading risk and non-trading risk.

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

Risk management structure

The overall responsibility for establishing the risk management framework and identifying and monitoring risks is the responsibility of the Supervisory Board, but there are also separate independent bodies that are responsible for managing and controlling risks.

Supervisory Board

The Supervisory Board is responsible for the overall approach to risk management, for the adoption the risk management strategy and policies, approving indicators of risk appetite.

Management Board

The Management Board is responsible for the general management of banking risks, distribution of powers and responsibilities for managing banking risk between the heads of departments at various levels, establishes the procedure for interaction and reporting, and is responsible for ensuring compliance by the Group's structural units with local internal regulations and implementation of relevant decisions made in respect of risks by the Supervisory Board.

Risk management

The Risk Management Department develops and participates in the development of local internal regulation acts of the Group on risk management, including risk appetite indicators, is responsible for implementing and conducting procedures related to risk management procedures in order to ensure an independent control process, as well as for monitoring compliance with risk management principles, policies and limits, stress testing.

Compliance control

The Compliance Control Department performs internal control functions aimed at effective detection and suppression of transactions with cash or other property related to money laundering, financing of terrorism and proliferation of weapons of mass destruction. In addition, the Department performs compliance control and risk management tasks related to compliance by the Bank and its employees with the current legislation, regulations of the Central Bank of the Republic of Uzbekistan and requirements of the Group's local regulations governing the procedure for providing services and conducting banking operations.

Treasury

The Treasury Department is responsible for managing the Group's balance structure and balance risks, namely foreign exchange, interest rate and liquidity risks.

The Treasury Department ensures timely fulfilment of all the Group's obligations, controls compliance with the mandatory ratios of the Central Bank, performs operations on financial markets to manage liquidity and regulate open currency positions.

Internal audit

Risk management processes within the Group are audited annually by the Internal Audit Department, which verifies both the sufficiency of the procedures and the implementation of these procedures by the Group. The Internal Audit Department discusses the results of the inspections with management and presents its findings and recommendations to the Audit Committee.

Risk assessment and risk communication systems

The Group's risks are estimated using a method which reflects both the expected loss, which is likely to be incurred in the ordinary course of business, and unforeseen losses, which are an estimate of the largest actual losses based on statistical models. The models use the probabilities obtained from experience and adjusted for economic conditions. The Group also stimulates the "worst-case scenarios" that will occur in case of events that are considered unlikely.

(in millions of UZS)

27. Risk management (continued)

Risk assessment and risk communication systems (continued)

Risk monitoring and control are mainly based on the limits set by the Group/Risk profile/Indicators of risk appetite, local acts of the bank on risk management, etc., as well as through the participation of employees of the Risk Management Department in the Management Board/Credit Committees under the Management Board/Finance Committee as invited persons without the right of an advisory vote, but with the right of "veto". The above instruments reflect the business strategy and market conditions in which the Group operates, as well as the level of risk that the Group is willing to accept, with particular attention being paid to individual industries. In addition, the Group monitors and evaluates its overall exposure to risks for all significant types of risks (credit risk. market risk, liquidity risk, operational risk).

Information obtained on all types of activities is studied and processed for the purpose of analysis, control and early detection of risks. This information is provided with explanations to the Management Board/Supervisory Board of the Group, and the head of each of the unit. The report contains information on the aggregate amount of credit risk, projected credit indicators, exceptions to established credit limits, liquidity ratios and changes in the level of risk. The calculation of reserves according to National Accounting Standards is carried out using software, while, if necessary, additional reserves are created by decision of the authorised body on the basis of the results of individual monitoring and the conclusions obtained from loan monitoring units. The Supervisory Board and the Management Board receive a detailed quarterly risk report containing all the necessary information to assess the Group's risks and make appropriate decisions.

For all levels of the Group, various risk reports are compiled that are distributed to ensure that all units of the Group have access to extensive, relevant, and up-to-date information.

Risk mitigation

As part of its risk management, the Group uses derivatives and other instruments to manage positions arising from changes in interest rates, exchange rates, credit risk, and positions on forecast transactions.

Excessive risk concentration

Risk concentration arise when a number of counterparties carry out similar activities, or operate in the same geographic region, or the counterparties have similar economic characteristics, and as a result of changes in economic, political and other conditions have a similar impact on the ability of these counterparties to perform contractual obligations.

Risk concentration reflects the relative sensitivity of the Group's performance to changes in conditions that affect a particular industry or geographical region.

In order to avoid excessive concentration of risk, the Group's policies and procedures include special principles aimed at maintaining a diversified portfolio. The identified risk concentrations are managed, including through the Risk Profile/Indicators of risk appetite.

Credit risk

Credit risk is the risk that the Group will incur losses due to the fact that its customers or counterparties have not fulfilled their contractual obligations. The Group manages credit risk by setting a limit on the amount of risk that the Group is willing to accept for individual counterparties, geographical or industry risk concentrations, risk profiles, risk appetite indicators, as well as by monitoring compliance with established risk limits/risk profile/risk appetite indicators.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated statement of financial position.

Credit-related commitments risks

The Group makes available to its customers guarantees/letters of credit which may require that the Group make payments on their behalf. Clients reimburse such payments to the Group in accordance with the terms of the guarantee/letter of credit agreements. Under these agreements, the Group incurs risks that are similar to those of loans and that are mitigated using the same risk control procedures and policies.

The carrying amount of components of the consolidated statement of financial position, including derivatives, without the influence of risk mitigation through the use of master netting agreements and collateral agreements, most accurately reflects the maximum credit exposure on these components.

Where financial instruments are recorded at fair value, their carrying amounts represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

(in millions of UZS)

27. Risk management (continued)

Impairment assessment

The Group calculates expected credit losses (ECLs) to estimate expected cash shortfalls, which are discounted using the effective interest rate or its approximation. 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:

Probability of default (PD)	The Probability of Default 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.

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 as described below:

Stage 1:	when loans are first recognised, the Group recognises an allowance based on 12m ECL. 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 recognises an allowance for the lifetime ECL. 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 recognises an allowance for the lifetime ECL.
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.

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Group considers amounts due from banks defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- category "unsatisfactory", "doubtful" and "loss" under the CBU classification;
- absence of communication with the borrower, as well as the lack of information to determine the financial condition of the borrower over the past 12 months;
- the borrower is deceased;
- the borrower has filed for bankruptcy or declared bankruptcy;

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Effect of macroeconomic factors

As at 31 December 2024 and 31 December 2023, the Group assessed the potential impact of macroeconomic factors on the allowance for expected credit losses. Based on the analysis performed, the Group concluded that correlations of default levels with any macroeconomic indicators did not have a significant effect on the ECL provision.

Loan restructuring

The Group seeks to renegotiate the terms of loans rather than to foreclose on collateral, for example, to extend the contractual maturity of the loans and to negotiate new loan terms.

The Group derecognises a financial asset, such as a loan to a customer, when the terms of the contract are renegotiated so that it becomes, in substance, a new loan and the difference is recognised as a gain or loss on derecognition before the impairment loss is recognised.

(in millions of UZS)

27. Risk management (continued)

Loan restructuring (continued)

At initial recognition, loans are classified as Stage 1 loans for the purposes of CMO measurement unless the loan originated is considered to be an acquired or originated credit-impaired ("POCI") asset.

In assessing whether a loan to a customer should be derecognised, the Group considers, among other factors, the following:

- change in the currency of the loan;
- change in the counterparty;
- whether the modification results in the instrument no longer meeting the criteria of the SPPI test.

If the modification does not result in a significant change in cash flows, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate, the Group recognises a gain or loss on the modification, which is presented within interest revenue calculated using the effective interest rate in the consolidated statement of profit or loss and other comprehensive income, before any impairment loss is recognised.

In the case of a modification that does not result in derecognition, the Group also reassesses whether there is a significant increase in credit risk or whether it is necessary to classify the assets as credit-impaired. Once an asset is classified as credit-impaired as a result of a modification, it will remain in Stage 3 for at least a 6-month trial period. Transferring a restructured loan out of Stage 3 requires regular payments of more than insignificant amounts of principal or interest during at least half of the trial period according to a modified payment schedule.

Write-off

Financial assets are written off either partially or in full when the Group no longer expects them to be recovered. If the amount to be written off is higher than the accumulated impairment allowance, the difference is recognised first as an increase in the allowance, which is then applied to the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. The write-down relates to derecognition.

Treasury and interbank relationships

The Group's treasury and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges, and clearing-houses. To assess such relationships, the credit risk department of the Group analyses publicly available information, such as financial statements, and data from other external sources, such as external ratings.

International external rating agency (Fitch) rating	***Internal rating description***	***PD***
AA+ to AAA AA A+ to AA- A-	High rating	0-0.06%
BBB+ BBB BBB- BB+ BB- to BB B- to B+	Standard rating	0.06-0.42%
CCC CCC-	Sub-standard	0.42-34.50%
D	Impaired	100%

As at 31 December 2024, for the purposes of assessing the ECL of organizations registered in the Russian Federation, the Group was classified in Stage 2. For the purposes of determining the probability of default, the pre-default rating of international rating agencies was used. The level of losses in default was determined at 62%:

Corporate lending

In the case of commercial lending, the borrowers are assessed by the Group's Corporate Lending Department. The credit risk assessment is based on a credit scoring model that considers various historical, current, and forward-looking information.

Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.

(in millions of UZS)

27. Risk management (continued)

Write-off (continued)

The Group uses the following internal credit rating levels for loans to customers:

Number of overdue days	*Internal rating description*	*PD*
Not overdue	Standard rating	0-2%
Overdue less than 30 days	Standard rating	2-12%
Overdue 30-90 days	Sub-standard	12-100%
Overdue more than 91 days	Impaired	100%

Exposure at Default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the counterparty's ability to increase its exposure while approaching default and potential early repayments too. To calculate EAD for Stage 1 loans, the Group estimates the probability of default within 12 months to estimate 12-month ECLs. For Stage 2 the exposure at default is considered for events over the lifetime of the instruments.

Loss given default

The Group estimates LGD indicators on the basis of information on the ratios of return of funds with respect to claims against counterparties that have defaulted on their obligations. LGD valuation models take into account the structure, type of collateral, seniority of the claim, the industry in which the counterparty operates, and the cost of recovering any collateral that is an integral part of a financial asset. For loans secured by real estate of individuals, the ratio between the loan amount and the value of collateral (LTV ratio) is the main parameter for determining the amount of loss in case of default. LGD indicators are calculated based on discounted cash flows using the effective interest rate as a discount factor.

Where appropriate, further recent data and forward-looking economic scenarios are used to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group.

LGD levels are estimated for the Stage 1, Stage 2, Stage 3 and POCI segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine how much it is necessary to create an estimated impairment reserve for an instrument or a portfolio of instruments (i.e. in the amount of 12-month ECL or ECL for the entire period), 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 for a financial instrument since initial recognition when contractual payments on a financial instrument are more than 30 days past due.

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping financial assets measured on a collective and individual basis

Dependent on the factors below, the Group calculates ECLs either on a collective or on an individual basis.

Asset classes where the Group calculates ECL on an individual basis include:

- all assets within Stage 3, the debt on which is more than 0.2% of the arithmetic average size of equity for the last 2 years according to IFRS;
- the Stage 1 and Stage 2 commercial loan portfolio, the debt on which is more than 25 000 million UZS;
- the treasury and interbank relationships (such as amounts due from banks, cash equivalents and investment securities);
- financial assets that have been classified as POCI when the original loan was derecognised, and a new loan was recognised as a result of a credit driven debt restructuring.

Asset classes where the Group calculates ECL on a collective basis include:

- small and standard assets within Stage 1 and Stage 2, as well as assets within Stage 3, the debt on which is less than 0.2% of the arithmetic average of equity over the past 2 years according to IFRS;
- POCI assets managed on a collective basis.

The Group groups these financial assets into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, for example internal grade, overdue bucket, product type, loan-to-value ratios, or borrower's industry.

(in millions of UZS)

27. Risk management (continued)

Credit quality by financial asset classes

The table below shows the credit quality by class of credit related financial asset items in the consolidated statement of financial position:

31 December 2024	*Note*	*Stage*	*High*	*Standard*	*Sub-standard*	*Impaired*	*Total*
Cash and cash equivalents,	5	Stage 1	**1 489 388**	**4 296 939**	**–**	**–**	**5 786 327**
except for cash on hand		Stage 2	**–**	**–**	**1 011 866**	**–**	**1 011 866**
Amounts due from credit institutions	6	Stage 1	**81 657**	**433 380**	**–**	**–**	**515 037**
		Stage 1	**–**	**29 430 190**	**–**	**–**	**29 430 190**
Loans to customers	7	Stage 2	**–**	**–**	**1 253 564**	**–**	**1 253 564**
		Stage 3	**–**	**–**	**–**	**933 652**	**933 652**
Investment securities	8	Stage 1	**–**	**3 912 804**	**–**	**–**	**3 912 804**
Letters of credit	24	Stage 1	**–**	**1 714 836**	**–**	**–**	**1 714 836**
Financial guarantees	24	Stage 1	**–**	**55 768**	**–**	**–**	**55 768**
Total			**1 571 045**	**39 843 917**	**2 265 430**	**933 652**	**44 614 044**

31 December 2023	*Note*	*Stage*	*High*	*Standard*	*Sub-standard*	*Impaired*	*Total*
Cash and cash equivalents,	5	Stage 1	471 435	3 127 218	–	–	3 598 653
except for cash on hand		Stage 2	–	–	1 114 726	–	1 114 726
Amounts due from credit institutions	6	Stage 1	708 552	703 593	38 663	–	1 450 808
		Stage 1	–	28 433 546	–	–	28 433 546
Loans to customers	7	Stage 2	–	–	963 466	–	963 466
		Stage 3	–	–	–	351 982	351 982
Investment securities	8	Stage 1	–	1 947 739	–	–	1 947 739
Letters of credit	24	Stage 1	–	3 674 119	–	–	3 674 119
Financial guarantees	24	Stage 1	–	68 198	–	–	68 198
Total			**1 179 987**	**37 954 413**	**2 116 855**	**351 982**	**41 603 237**

Principals under financial guarantee contracts, applicants under letters of credit and borrowers under undrawn credit lines are predominantly large corporate customers - borrowers of the Bank with standard rating and in Stage 1.

(in millions of UZS)

27. Risk management (continued)

Geographical risk

The table below provides a geographical analysis of the Group's assets and liabilities as at 31 December 2024 and 2023:

	31 December 2024				*31 December 2023*			
	Uzbekistan	*OECD countries*	*Other countries*	*Total*	*Uzbekistan*	*OECD countries*	*Other countries*	*Total*
Financial assets								
Cash and cash equivalents	**6 183 627**	**1 494 253**	**1 141 107**	**8 818 987**	4 624 052	482 364	1 121 472	6 227 888
Amounts due from credit institutions	**36 733**	**478 304**	**–**	**515 037**	742 296	522 227	186 285	1 450 808
Loans to customers	**31 617 406**	**–**	**–**	**31 617 406**	29 748 994	–	–	29 748 994
Investment securities	**3 912 804**	**–**	**–**	**3 912 804**	1 947 739	–	–	1 947 739
Other financial assets	**55 585**	**–**	**–**	**55 585**	60 486	–	–	60 486
Total financial assets	**41 806 155**	**1 972 557**	**1 141 107**	**44 919 819**	**37 123 567**	**1 004 591**	**1 307 757**	**39 435 915**
Financial liabilities								
Amounts due to credit institutions	**1 395 846**	**154 857**	**1 565**	**1 552 268**	1 113 187	196 375	579 527	1 889 089
Amounts due to customers	**34 060 362**	**210 267**	**3 014 474**	**37 285 103**	26 271 906	657 908	6 590 663	33 520 477
Other borrowed funds	**949 112**	**912 296**	**–**	**1 861 408**	926 932	556 739	–	1 483 671
Other financial liabilities	**486 857**	**–**	**–**	**486 857**	476 662	–	–	476 662
Total financial liabilities	**36 892 177**	**1 277 420**	**3 016 039**	**41 185 636**	**28 788 687**	**1 411 022**	**7 170 190**	**37 369 899**
Net position on financial assets and liabilities	**4 913 978**	**695 137**	**(1 874 932)**	**3 734 183**	**8 334 880**	**(406 431)**	**(5 862 433)**	**2 066 016**

Liqudity risk

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. In order to limit this risk, the management ensured the availability of different funding sources in addition to the existing minimal amount of bank deposits. Management also controls assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. 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.

The Group is exposed to the risk due to the daily need to use available funds for settlement of customer accounts, maturing deposits, loans, payments under guarantees and derivative financial instruments that are settled in cash. The Group does not accumulate cash in the event of a one-time fulfilment of obligations under all the above requirements, since, based on the existing practice, it is possible to predict with a sufficient accuracy the necessary level of funds required to fulfil these obligations. Liquidity risk is controlled by the Group's Treasury and Risk Management Department.

Analysis of financial liabilities by remaining contractual maturities

The tables below summarise the maturity profile of the Group's financial liabilities as at 31 December 2024 and 31 December 2023 based on contractual discounted 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 Bank could be required to pay, and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

(in millions of UZS)

27. Risk management (continued)

As at 31 December 2024	*On demand and less than 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*More than 5 years*	*Total gross amount outflow*	*Carrying amount*
Amounts due to credit institutions	**1 401 813**	**–**	**2 013**	**168 172**	**–**	**1 571 998**	**1 552 268**
Amounts due to customers	**14 389 929**	**583 326**	**8 299 167**	**16 775 390**	**259 995**	**40 307 807**	**37 285 103**
Other borrowed funds	**93 676**	**–**	**–**	**92 299**	**2 469 768**	**2 655 743**	**1 861 408**
Other financial liabilities	**1 115**	**1 606**	**504 746**	**41 858**	**22 083**	**571 408**	**551 861**
Total discounted financial liabilities	**15 886 533**	**584 932**	**8 805 926**	**17 077 719**	**2 751 846**	**45 106 956**	**41 250 640**
Credit related commitments	**278 642**	**–**	**–**	**–**	**–**	**278 642**	**278 642**

As at 31 December 2023	*On demand and less than 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*More than 5 years*	*Total gross amount outflow*	*Carrying amount*
Amounts due to credit institutions	1 421 284	144 041	15 728	353 817	–	1 934 870	1 889 089
Amounts due to customers	10 749 365	1 122 630	7 288 042	17 936 759	312 683	37 409 479	33 520 477
Other borrowed funds	8 540	42	75 830	262 350	1 300 666	1 647 428	1 483 671
Other financial liabilities	–	–	476 662	–	–	476 662	476 662
Total discounted financial liabilities	12 179 189	1 266 713	7 856 262	18 552 926	1 613 349	41 468 439	37 369 899
Credit related commitments	68 198	–	–	–	–	68 198	68 198

Market risk

Market risk is the probability of losses (loss) and (or) non−receipt of planned income as a result of changes in exchange rates, interest rates and prices of financial instruments.

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 shows the sensitivity of the Group's consolidated statement of profit or loss and other comprehensive income to possible changes in interest rates, with all other variables being assumed to be constant.

Sensitivity of the consolidated statement of profit or loss and other comprehensive income is the effect of the assumed changes in interest rates on net interest income for one year, calculated on the basis of non-trading financial assets and financial liabilities with a floating interest rate available as at 31 December 2024.

Currency	*Increase in basis points 2024*	*Sensitivity of net interest income 2024*
UZS	100	(64 078)
EUR	100	(7 404)
UZS	(100)	64 078
EUR	(100)	7 404

The Group believes that the interest rate risk as at 31 December 2024 is insignificant due to the insignificant amount of assets and liabilities with floating interest rates.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates, affecting the value of the bank's assets, liabilities and balance .The Bank's Supervisory Board has set limits on foreign exchange positions based on the CBU limits. Positions are monitored daily.

The following table shows the currencies in which the Group has significant open currency positions in 2024 and 2023 for monetary assets and liabilities.

(in millions of UZS)

27. Risk management (continued)

As at 31 December 2024	**UZS**	**USD**	**EUR**	**Other currencies**	**Total**
Financial assets	**27 930 830**	**14 231 771**	**1 659 821**	**1 097 397**	**44 919 819**
Financial liabilities	**(26 603 521)**	**(12 330 027)**	**(1 496 483)**	**(820 609)**	**(41 250 640)**
Off-balance position	**2 136 787**	**(1 995 729)**	**(141 058)**	**–**	**–**
Net position	**3 464 096**	**(93 985)**	**22 280**	**276 788**	**3 669 179**

As at 31 December 2023	**UZS**	**USD**	**EUR**	**Other currencies**	**Total**
Financial assets	24 663 005	11 944 136	2 039 783	788 991	39 435 915
Financial liabilities	(19 761 395)	(14 951 885)	(1 964 884)	(691 735)	(37 369 899)
Net position	**4 901 610**	**(3 007 749)**	**74 899**	**97 256**	**2 066 016**

The following table summarises the currencies in which the Group has significant open currency positions for 2024 and 2023 monetary assets and liabilities. The analysis performed consists in calculating the impact of a possible change in exchange rates relative to the UZS on the consolidated statement of profit or loss and other comprehensive income (due to the presence of non-trading monetary assets and liabilities, the fair value of which is sensitive to changes in the exchange rate). The impact on equity does not differ from the impact on the consolidated statement of profit or loss and other comprehensive income. Negative amounts in the table reflect a potential net decrease in the consolidated statement of profit or loss and other comprehensive income or equity, while positive amounts reflect a potential net increase.

Currency	***Change in currency rate in %*** ***2024***	***Effect on profit before tax*** ***2024***	***Change in currency rate in %*** ***2023***	***Effect on profit before tax*** ***2023***
USD	**10%**	**(9 399)**	10%	(300 775)
	–10%	**9 399**	–10%	300 775
EUR	**10%**	**2 228**	10%	7 490
	–10%	**(2 288)**	–10%	(7 490)

Operational risk

Operational risk is the probability of losses and (or) shortfall in planned revenues arising as a result of imperfections in internal processes, intentional or careless actions of personnel or other persons, errors in the internal systems of the Group or the influence of external events.

If the control system is not functioning at an adequate level, operational risks can damage reputation, have legal consequences, or lead to financial losses. The Group cannot expect to eliminate all operational risks, but with the establishment of an appropriate system of control, monitoring and timely response to potential risks, the Group can manage operational risks. The control system provides for effective segregation of duties, access rights,establish appropriate controls, reconciliation procedures, assessment processes, staff training, including the use of internal audit.

(in millions of UZS)

28. Maturity analysis of assets and liabilities

The table below shows a maturity analysis of assets and liabilities: Information about the Group's contractual discounted liabilities is disclosed in *Note 27*.

	31 December 2024			***31 December 2023***		
	Within one year	***More than one year***	***Total***	***Within one year***	***More than one year***	***Total***
Assets						
Cash and cash equivalents	**8 818 987**	**–**	**8 818 987**	6 227 888	–	6 227 888
Amounts due from credit institutions	**272 389**	**242 648**	**515 037**	618 672	832 136	1 450 808
Loans to customers	**5 761 541**	**25 855 865**	**31 617 406**	5 728 381	24 020 613	29 748 994
Investment securities	**1 848 305**	**2 064 499**	**3 912 804**	1 118 695	829 044	1 947 739
Assets held for sale	**136 657**	**–**	**136 657**	26 548	–	26 548
Property and equipment and right-of-use assets	**–**	**1 183 594**	**1 183 594**	–	1 069 111	1 069 111
Intangible assets	**–**	**264 029**	**264 029**	–	286 661	286 661
Current income tax assets	**27 902**	**–**	**27 902**	8 204	–	8 204
Deferred income tax assets	**–**	**–**	**–**	–	55 325	55 325
Other assets	**593 487**	**–**	**593 487**	689 726	–	689 726
Total assets	**17 459 268**	**29 610 635**	**47 069 903**	14 418 114	27 092 890	41 511 004
Liabilities						
Amounts due to credit institutions	**1 401 666**	**150 602**	**1 552 268**	1 563 796	325 293	1 889 089
Amounts due to customers	**22 226 180**	**15 058 923**	**37 285 103**	16 788 622	16 731 855	33 520 477
Other borrowed funds	**14 425**	**1 846 983**	**1 861 408**	84 412	1 399 259	1 483 671
Deferred income tax liabilities	**–**	**82 969**	**82 969**	–	–	–
Other liabilities	**489 217**	**62 644**	**551 861**	476 662	–	476 662
Total liabilities	**24 131 488**	**17 202 121**	**41 333 609**	18 913 492	18 456 407	37 369 899
Net position	**(6 672 220)**	**12 408 514**	**5 736 294**	(4 495 378)	8 636 483	4 141 105

The Group's capability to meet its liabilities depends upon its ability to realise an equivalent amount of assets within the certain period of time. There is a significant concentration of customer accounts in the period of one year or less as a result of significant concentration of customer accounts.

The Group received significant funds from the depositors. 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 to realise its liquid assets to enable repayment.

The maturity analysis does not reflect the historical stability of customer accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due within one year in the table. Included in amounts due to customers are term deposits of individuals. In accordance with the legislation of the Republic of Uzbekistan, the Group is obliged to repay such deposits upon demand of a depositor. Term deposits in the table above are presented in accordance with the contractual terms.

(in millions of UZS)

29. Segment information

The main format for providing information on the segments of the Group's activities is the disclosure by operating segments, the supplementary one is the disclosure by geographical segments. Most transactions of the Group are related to residents of the Republic of Uzbekistan.

Operating segments

The Group operates in the following operating segments:

- individuals — provision of banking services to private clients, maintenance of current accounts of private clients, acceptance of savings accounts and deposits, maintenance of debit cards, provision of consumer loans and loans secured by real estate;
- legal entities — maintaining settlement accounts, attracting deposits, providing loans and other lending services, direct debit, transactions with foreign currencies and derivative financial instruments;
- investment-banking — transactions related to the placement (receipt) of interbank deposits, the purchase of securities and transactions with other borrowed funds and loans.

In 2024 and 2023, the Group did not have revenue from transactions with a single external client or counterparty, which would have amounted to 10 percent or more of its total revenue.

The table below presents assets and liabilities of the Group's operating segments:

As at 31 December 2024	*Individuals*	*Legal entities*	*Investment banking*	*Unallocated*	*Total*
Cash and cash equivalents	–	–	**8 818 987**	–	**8 818 987**
Amounts due from credit institutions	–	–	**515 037**	–	**515 037**
Loans to customers	**18 080 901**	**13 536 505**	–	–	**31 617 406**
Investment securities	–	–	**3 912 804**	–	**3 912 804**
Assets held for sale	–	–	–	**136 657**	**136 657**
Property and equipment and right-of-use assets	–	–	–	**1 183 594**	**1 183 594**
Intangible assets	–	–	–	**264 029**	**264 029**
Current income tax assets	–	–	–	**27 902**	**27 902**
Deferred income tax assets	–	–	–	–	–
Other assets	–	–	–	**593 487**	**593 487**
Total assets	**18 080 901**	**13 536 505**	**13 246 828**	**2 205 669**	**47 069 903**
Liabilities					
Amounts due to credit institutions	–	–	**1 552 268**	–	**1 552 268**
Amounts due to customers	**21 383 958**	**15 901 145**	–	–	**37 285 103**
Other borrowed funds	–	**1 723 908**	**137 500**	–	**1 861 408**
Deferred income tax liabilities	–	–	–	**82 969**	**82 969**
Other liabilities	–	–	–	**563 192**	**563 192**
Total liabilities	**21 383 958**	**17 625 053**	**1 689 768**	**646 161**	**41 344 940**

(in millions of UZS)

29. Segment information (continued)

Operating segments (continued)

As at 31 December 2023	*Individuals*	*Legal entities*	*Investment banking*	*Unallocated*	*Total*
Cash and cash equivalents	–	–	6 227 888	–	6 227 888
Amounts due from credit institutions	–	–	1 450 808	–	1 450 808
Loans to customers	19 044 720	10 704 274	–	–	29 748 994
Investment securities	–	–	1 947 739	–	1 947 739
Assets held for sale	–	–	–	26 548	26 548
Property and equipment and right-of-use assets	–	–	–	1 069 111	1 069 111
Intangible assets	–	–	–	286 661	286 661
Current income tax assets	–	–	–	8 204	8 204
Deferred income tax assets	–	–	–	55 325	55 325
Other assets	117 944	584 786	–	(13 004)	689 726
Total assets	**19 162 664**	**11 289 060**	**9 626 435**	**1 432 845**	**41 511 004**
Liabilities					
Amounts due to credit institutions	–	–	1 889 089	–	1 889 089
Amounts due to customers	15 587 600	17 932 877	–	–	33 520 477
Other borrowed funds	–	1 253 734	229 937	–	1 483 671
Other liabilities	329 462	143 041	–	6 552	479 055
Total liabilities	**15 917 062**	**19 329 652**	**2 119 026**	**6 552**	**37 372 292**

The following tables present profits and losses by the Group's operating segments:

For the year ended 31 December 2024	*Individuals*	*Legal entities*	*Investment banking*	*Unallocated*	*Total*
Interest income	**4 105 593**	**2 304 918**	**440 227**	**–**	**6 850 738**
Interest expenses	**(1 904 847)**	**(1 700 830)**	**(300 248)**	**–**	**(3 905 925)**
Net interest income	**2 200 746**	**604 088**	**139 979**	**–**	**2 944 813**
Credit loss expense	**(391 338)**	**132 495**	**(14 806)**	**–**	**(273 649)**
Net interest income after credit loss expense	**1 809 408**	**736 583**	**125 173**	**–**	**2 671 164**
Fee and commission income	**639 011**	**381 705**	**–**	**–**	**1 020 716**
Fee and commission expense	**(383 053)**	**(175 686)**	**–**	**–**	**(558 739)**
Other operating expenses:	**(60 293)**	**(8 221)**	**–**	**–**	**(68 514)**
Net gains from foreign currencies	**–**	**–**	**431 408**	**–**	**431 408**
Other income	**–**	**–**	**–**	**30 720**	**30 720**
Personnel and other administrative expenses	**(886 860)**	**(244 346)**	**–**	**(192 965)**	**(1 324 171)**
Profit before income tax expense	**1 118 213**	**690 035**	**556 581**	**(162 245)**	**2 202 584**
Income tax expense	**–**	**–**	**–**	**(403 748)**	**(403 748)**
Net profit from continuous activity	**1 118 213**	**690 035**	**556 581**	**(565 993)**	**1 798 836**

(in millions of UZS)

29. Segment information (continued)

Operating segments (continued)

For the year ended 31 December 2023	*Individuals*	*Legal entities*	*Investment banking*	*Unallocated*	*Total*
Interest income	2 763 282	1 759 713	311 711	–	4 834 706
Interest expenses	(1 031 507)	(1 232 836)	(110 075)	–	(2 374 418)
Net interest income	1 731 775	526 877	201 636	–	2 460 288
Credit loss expense	(118 667)	42 787	2 693	–	(73 187)
Net interest income after credit loss expense	**1 613 108**	**569 664**	**204 329**	**–**	**2 387 101**
Fee and commission income	448 694	420 506	–	–	869 200
Fee and commission expense	(242 847)	(143 204)	–	–	(386 051)
Other operating expenses	(12 669)	(1 727)	–	–	(14 396)
Net gains from foreign currencies:	–	–	424 658	–	424 658
Net losses from initial recognition of financial assets measured at amortised cost	–	12 854	–	–	12 854
Other income	–	–	–	19 141	19 141
Personnel and other administrative expenses	(637 051)	(506 060)	–	(177 611)	(1 320 722)
Profit before income tax expense	**1 169 235**	**352 033**	**628 987**	**(158 470)**	**1 991 785**
Income tax expense	–	–	–	(366 910)	(366 910)
Net profit for the year	**1 169 235**	**352 033**	**628 987**	**(525 380)**	**1 624 875**

30. Capital management

In the management of capital, the Group has the following objectives: compliance with capital requirements established by the CBU and, in particular, the requirements of the deposit insurance system; ensuring the Group's ability to function as a going concern and maintaining the capital base at the level necessary to ensure the compliance of the capital adequacy ratio with the requirements of the CBU. The compliance with the capital adequacy ratio established by the CBU is monitored monthly according to forecast and actual data containing the relevant calculations, which are verified and approved by the Bank's management.

According to the "*Regulation on the Requirements for the Adequacy of the Capital of Commercial Banks"* No. 2693 registered by the Ministry of Justice on 6 July 2015 and its supplement (the "Regulation"), the following requirements are set for banks:

- the minimum level of K1 is set at 13.0%;
- the minimum level of K2 is set at 10.0%, taking into account the capital conservation buffer of 3.0% of risk-weighted assets.

An amendment was made to the Law of the Republic of Uzbekistan "*On Banks and Banking Activity*", No.LRU–831 dated 19.04.2023, on increasing the minimum amount of the authorised capital for the banks of the Republic of Uzbekistan. From 1 January 2025, the authorised capital should be not less than 500 000 million UZS.

As at 1 January 2025, the Group was in compliance with the regulatory capital requirements in accordance with the amendment on the minimum charter capital for banks in Uzbekistan .

The following table provides an analysis of the Bank's regulatory capital calculated based on the CBU Regulation:

	31 December 2024	***31 December 2023***
Tier I capital	**4 987 469**	3 828 702
Tier II capital	**2 206 443**	1 671 025
Total capital	**7 193 912**	5 499 727
Total amount of risk-weighted assets	**44 620 205**	34 410 090
K1	**16.12%**	15.98%
K2	**11.18%**	11.13%

(in millions of UZS)

31. Disposal of subsidiary

On 4 April 2024, the Group sold its entire 57% shares in "Uzum Bank" JSC, which generated the majority of fee and commission income from P2P transactions and plastic card services within the Group's structure, to a related party. The purchaser "Continent ARM Investments" FE LLC, related party under common control, acquired the subsidiary at par value of shares for 200 000 million UZS.

At the date of disposal of the subsidiary, the Bank's share in net assets was 274 134 million UZS. Loss on disposal of the subsidiary in the amount of 74 134 million UZS is recognised in the Group's equity as 'Distribution to participants'.

"Uzum Bank" JSC was not previously classified as held for sale or discontinued operations. The comparative consolidated financial statements of profit or loss and other comprehensive income are shown separately.

The carrying amounts of assets and liabilities at the date of disposal are as follows:

	For the year 2024, before the date of disposal	*For the 12 months of 2023*
Results of discontinued operations		
Interest income calculated using the effective interest rate method	**4 396**	16 178
Interest expense	**(439)**	(1 029)
Net interest income	**3 957**	**15 149**
Provision for expected credit losses on loans to customers, amounts due from credit institutions and cash and cash equivalents	**542**	(584)
Net interest income after provision for expected credit losses on interest bearing assets	**4 499**	14 565
Fee and commission income	**61 368**	241 227
Fee and commission expense	**(30 396)**	(165 187)
Net gain on foreign exchange operations	**2 707**	60 780
Losses from impairment of other financial assets and credit related commitments and other provisions	**28**	(388)
Other income	**8**	21
Personnel and other operating expenses	**(26 227)**	**(90 463)**
Profit before income tax expense	**11 987**	60 944
Income tax expense	**(3 039)**	(12 175)
Net profit for the period	**8 948**	**48 769**

	4 April 2024	*31 December 2023*
Assets		
Cash and cash equivalents	**160 767**	172 964
Amounts due from credit institutions	**179 142**	2 424
Loans to customers	**49 627**	49 950
Investment securities	**–**	36 710
Assets held for sale	**37 768**	35 714
Property and equipment and right-of-use assets	**3 933**	1 458
Intangible assets	**168 908**	127 549
Current income tax assets	**660**	698
Deferred income tax assets	**40 541**	31 637
Other assets	**641 346**	**459 104**
Liabilities		
Amounts due to credit institutions	**28 875**	–
Amounts due to customers	**90 303**	66 373
Other liabilities	**98 034**	127 546
Total liabilities	**217 212**	**193 919**
Net identifiable assets and liabilities	**424 134**	**265 185**

(in millions of UZS)

32. Subsequent events

There have been no subsequent events after the reporting date and up to the date of signing the consolidated financial statements that have materially affected or may materially affect the financial position of the Group.

Approved and signed on behalf of the Group's Management:

Mayevskiy K.L.
Chairman of the Management Board of the Bank

Seal

Enikeeva E.A.
Deputy Chairman of the Management Board

11 March 2025