



TBC

**Consolidated Financial Statements and
Independent Auditor's Report
Joint-Stock Commercial Bank "TBC Bank"**

31 December 2024

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Independent Auditor's Report

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Independent Auditor's Report

To the Shareholders and Supervisory Board of Joint-stock commercial bank "TBC Bank":

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Joint-stock commercial bank "TBC Bank" (the "Bank") and its subsidiaries (together – the "Group") as at 31 December 2024, and Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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



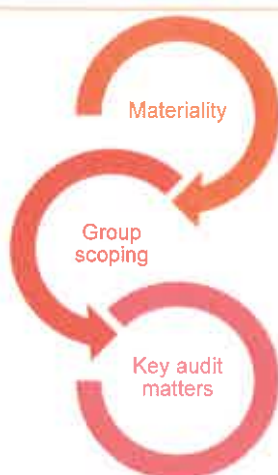
Suhrob Azimov
General Director/Certified Auditor

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan and auditor's independence requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan.

Our audit approach

Overview



- Overall Group materiality: UZS 16,900 million, which represents 5% of profit before tax.
- We performed audit procedures on the financial statements of the Bank and on the material balances and transactions of the subsidiary included in the consolidated financial statements of the Group.
- Assessment of expected credit losses (ECL) allowance for loans and advances to customers, including finance lease receivables, in accordance with IFRS 9, Financial Instruments.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.



Suhrab Azimov
General Director/Certified Auditor

Overall Group materiality	UZS 16,900 million
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% threshold as in our professional experience this is a widely accepted quantitative measure for this benchmark.

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.




Subrab Azimov
General Director/Certified Auditor

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of expected credit losses (ECL) allowance for loans and advances to customers, including finance lease receivables in accordance with IFRS 9, Financial Instruments.</p> <p>We considered the ECL allowance for loans and advances to customers, including finance lease receivables as a key audit matter due to the significance of this balance and a complex financial reporting standard, which requires significant judgment and estimates to determine the ECL allowance. All loans, including stage 3 loans are assessed on a collective basis due to their classification as small consumer loans.</p> <p>Key areas of judgement included:</p> <ul style="list-style-type: none"> • Classification of loans and advances to customers into stages in accordance with IFRS 9; • Key estimates and modelling assumptions used to estimate key risk parameters – probability of default and loss given default. <p>Note 3 “Material Accounting Policy Information”, Note 4 “Critical Accounting Estimates, and Judgements in Applying Accounting Policies”, Note 9 “Loans and Advances to Customers, including Finance Lease Receivables” and Note 25 “Financial Risk Management” to the consolidated financial statements provide detailed information on the credit loss allowance.</p>	<p>In assessing the ECL allowance we have performed, among others, the following audit procedures:</p> <ul style="list-style-type: none"> • We assessed the methodologies and models for collective ECL allowance assessment developed by the Group in order to evaluate their compliance with IFRS 9 requirements. We focused our procedures on default definition, factors for determining a “significant increase in credit risk”, allocation of the loans to stages and estimation of key risk parameters. • We assessed the ECL allowance levels to determine if these appropriately reflect the risk profile, credit risk and the macroeconomic environment. We considered trends in the economy and industries, to which the Group’s borrowers are exposed. • We assessed the design and, on a sample basis, tested operating effectiveness of the controls over the processes that involve quality, completeness, and reliability of data used in the ECL calculation process, examining historical loss and recovery data of overdue loans. • We checked the Bank’s assessment of the effect of forward-looking information on the ECL level. In particular, we assessed whether forecasted macroeconomic variables were appropriate (such as inflation level, unemployment rate and GDP), compared input data to the external sources and checked appropriateness of the model used. • We assessed the adequacy and appropriateness of disclosures for compliance with the IFRS requirements.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Bank and three subsidiaries and accounting is maintained by a centralized accounting team for the entire Group. Our audit procedures included a full scope audit of the Bank as well as limited procedures over the subsidiaries. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed. The subsidiaries, as a reporting unit, represent approximately 3.7% of the Group’s total assets as at 31 December 2024 and 0.3% of the Group’s profit for the period. We therefore focused our audit work on significant balances and transactions of one subsidiary.



Subrab Azimov
General Director/Certified Auditor

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 the 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.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Suhrob Azimov
General Director/Certified Auditor

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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


- the Bank'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 Bank's internal control and organization of its risk management systems comply with the requirements established by the Central Bank of the Republic of Uzbekistan.

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

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.

Our findings from the procedures performed are reported below.

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



Suhrob Azimov
General Director/Certified Auditor

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

- As at 31 December 2024, the Bank's internal audit function was subordinated to, and reported to, the Supervisory Board, and the risk management function was not subordinated to, and did not report to, divisions taking relevant risks 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 function 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 Supervisory Board and included observations made by the Bank's internal audit function in respect of internal control systems.
- As at 31 December 2024 the Bank has an established information security function as required by the Central Bank of the Republic of Uzbekistan, and the information security policy was approved by the Bank's management board. The information security function was subordinated to, and reported directly to, the Chairman of the management board.
- Reports by the Bank's Information security function to the Chairman of the management board during 2024 included assessment and analysis of information security risks, and results of actions to manage such risks.
- The Bank's internal documentation, effective on 31 December 2024, establishing the procedures and methodologies for identifying and managing the Bank's significant risks: external-internal fraud risk, process management risk, business disruptions and system failures/IT risk, 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 Bank's significant risks, and on the Bank's capital.
- The frequency of reports prepared by the Bank's risk management and internal audit functions during 2024, which cover the Bank's management of significant risks, was in compliance with the Bank's internal documentation. The reports included observations made by the Bank's risk management and internal audit functions as to their assessment of the Bank's significant risks, risk management system and recommendations for improvement.
- As at 31 December 2024, the Supervisory Board and Management Board of the Bank had responsibility for monitoring the Bank's compliance with the risk limits and capital adequacy ratios established in the Bank's internal documentation. In order to monitor the effectiveness of the Bank's risk management procedures and their consistent application during 2024, the Supervisory Board and Executive Management of the Bank periodically discussed the reports prepared by the risk management and internal audit functions, and considered the proposed corrective actions.



Suhrob Azimov
General Director/Certified Auditor



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

Suhrob Azimov
General Director/Certified Auditor

Certificate of auditor No. 05338
dated 7 November 2015 issued by
the Ministry of Finance of Uzbekistan

Certificate of auditor No. 28
dated 25 August 2023 issued by the
Central Bank of Uzbekistan

Audit Organization "PricewaterhouseCoopers" LLC

Audit Organization "PricewaterhouseCoopers" LLC
Tashkent, Uzbekistan
20 May 2025

JSCB "TBC Bank"
Consolidated Statement of Financial Position

<i>In millions of Uzbekistan Soums</i>	Note	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	7	908,961	361,781
Due from other banks	8	102,220	27,135
Loans and advances to customers, including finance lease receivables	9	7,699,188	3,638,132
Investment in debt securities	10	712,608	283,121
Current income tax prepayment		39,347	11,600
Other assets	11	166,027	35,745
Deferred income tax asset	23	12,242	32,153
Premises and equipment	12	189,237	45,345
Intangible assets	12	284,129	117,886
Right of use assets	13	56,715	19,555
TOTAL ASSETS		10,170,674	4,572,453
LIABILITIES			
Due to other banks	15	333,250	100,223
Customer accounts	16	4,979,980	2,674,639
Debt securities in issue	14	167,000	-
Other borrowed funds	14	1,932,763	421,563
Derivative financial instruments	18	23,370	1,051
Lease liabilities	14	55,124	22,944
Other liabilities	17	178,917	66,140
TOTAL LIABILITIES		7,670,404	3,286,560
EQUITY			
Share capital	19	2,120,465	1,290,063
Additional capital	19	277,116	153,162
Retained earnings (Accumulated loss)		98,883	(157,183)
Other reserves		3,806	(149)
TOTAL EQUITY		2,500,270	1,285,893
TOTAL LIABILITIES AND EQUITY		10,170,674	4,572,453

Approved for issue and signed on behalf of Management Board on 20 May 2025.

Spartak Tetrashvili
Chief Executive Officer



David Gabelashvili
Chief Financial Officer

JSCB "TBC Bank"**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

<i>In millions of Uzbekistan Soums</i>	Note	2024	2023
Interest income calculated using the effective interest method	20	2,413,865	1,077,741
Other similar income	20	163,118	57,520
Interest and similar expense	20	(1,146,230)	(518,603)
Net margin on interest and similar income		1,430,753	616,658
Credit loss allowance	7-11	(355,923)	(154,291)
Net margin on interest and similar income after credit loss allowance		1,074,830	462,367
Fee and commission income	21	257,094	111,280
Fee and commission expense	21	(179,521)	(90,775)
Foreign exchange translation gains less losses		(14,045)	204
Losses, less gains from trading in foreign currencies		12,047	(1,103)
Staff costs	22	(248,915)	(134,640)
Advertising costs	22	(121,545)	(68,219)
Administrative and other operating expenses	22	(441,979)	(184,829)
Profit before tax		337,966	94,285
Income tax expense	23	(81,901)	(25,694)
PROFIT FOR THE YEAR		256,065	68,591
Other comprehensive income/(loss) for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Gain/(loss) on fair value hedges - effective portion of changes in fair value		3,955	(149)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		3,955	(149)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		260,020	68,442

JSCB "TBC Bank"
Consolidated Statement of Changes in Equity

<i>In millions of Uzbekistan Soums</i>	Share capital	Share premium	Retained earnings	Other reserves	Total equity
Balance at 1 January 2023	771,708	75,787	(225,774)	-	621,721
Profit for the year	-	-	68,591	-	68,591
Other comprehensive loss	-	-	-	(149)	(149)
Total comprehensive income / (loss) for the year	-	-	68,591	(149)	68,442
Share issue (Note 19)	518,355	77,375	-	-	595,730
Balance at 1 January 2024	1,290,063	153,162	(157,183)	(149)	1,285,893
Profit for the year	-	-	256,065	-	256,065
Other comprehensive income	-	-	-	3,955	3,955
Total comprehensive income for the year	-	-	256,065	3,955	260,020
Share issue (Note 19)	830,402	123,954	-	-	954,356
Balance at 31 December 2024	2,120,465	277,116	98,882	3,806	2,500,269

JSCB "TBC Bank"
Consolidated Statement of Cash Flows

<i>In millions of Uzbekistan Soums</i>	Notes	2024	2023
Cash flows from operating activities			
Interest income received	20	2,428,205	1,054,680
Interest paid	20	(1,024,135)	(485,844)
Fees and commission received	21	226,179	109,023
Fees and commission paid	21	(179,521)	(94,714)
Net loss from trading in foreign currencies		37,104	(633)
Other operating income received		-	1,203
Staff costs paid	22	(216,595)	(124,793)
Income tax paid	23	(89,715)	(11,600)
Administrative and other operating expenses paid	22	(441,522)	(198,338)
Cash flows from operating activities before changes in operating assets and liabilities		740,000	248,984
<i>Net (increase) / decrease in:</i>			
- loans and advances to customers	9	(4,307,877)	(2,212,639)
- due from other banks	8	(75,085)	(16,842)
- other assets	11	(100,661)	(15,544)
<i>Net increase in:</i>			
- due to other banks	15	217,351	100,223
- customer accounts	16	2,285,462	1,264,026
- other liabilities		(20,959)	3,974
Net cash used in operating activities		(1,261,769)	(627,818)
Cash flows from investing activities			
Acquisition of investments in debt securities carried at AC	10	(826,874)	(1,336,337)
Proceeds from redemption of debt securities carried at AC	10	441,098	1,193,012
Purchase of premises, equipment and intangible assets	12	(351,472)	(63,787)
Proceeds from disposal of premises, equipment and intangible assets		4,963	-
Net cash used in investing activities		(732,285)	(207,113)
Cash flows from financing activities			
Proceeds from share issue	19	954,356	595,730
Proceeds from other borrowed funds	14	1,674,769	389,979
Repayment of other borrowed funds	14	(226,407)	-
Proceeds from bonds issued	14	165,727	-
Repayment of principal of lease liabilities	14	(13,166)	(11,523)
Net cash from financing activities		2,555,279	974,186
Effect of exchange rate changes on cash and cash equivalents		(14,045)	141
Net increase in cash and cash equivalents		547,180	139,395
Cash and cash equivalents at the beginning of the year	7	361,781	222,385
Cash and cash equivalents at the end of the year	7	908,961	361,781

1 Introduction

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards") for the year ended 31 December 2024 for Joint-Stock Commercial Bank "TBC Bank" (the "Bank") and its subsidiaries (the "Group").

The Bank was incorporated and is domiciled in the Republic of Uzbekistan. The Bank is a joint stock commercial bank limited by shares and was set up in accordance with regulations of the Republic of Uzbekistan. TBC Bank Group PLC, The European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation have acquired shares. As of 31 December 2024, and 2023, the Group's immediate and ultimate shareholders were:

Shareholders	% of ownership interest held as of 31 December	
	2024	2023
TBC Bank Group PLC	67.92%	60.18%
The European Bank for Reconstruction and Development	16.04%	19.91%
International Finance Corporation	16.04%	19.91%
Total	100.00%	100.00%

TBC Bank Group PLC (the "TBCG") is a public limited liability company, incorporated in the UK and is a direct parent of TBC Bank. The shares of TBCG are admitted to the Premium Listing segment of the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange.

Principal activity. The Group's principal business activity is retail and micro-operations within the Republic of Uzbekistan and universal banking operations that include mainly individuals. The Bank operates under a general banking license issued by the Central Bank of Uzbekistan (the "CBU") on 11 April 2020, which was renewed by the Bank on 17 March 2022.

The Bank participates in the state deposit insurance scheme introduced by the Law of the Republic of Uzbekistan #360-II "Insurance of Individual Bank Deposit" dated 5 April 2002 and updated Law of the Republic of Uzbekistan #1031 "Insurance of Individual Bank Deposit" dated 18 October 2024 and in force from 18 February 2025. According to updated Law of the Republic of Uzbekistan #1031 "Insurance of Individual Bank Deposit" in case of the bank license withdrawal, the State Deposit Insurance Fund guarantees repayment of up to 200 million Uzbekistan soums aggregated among all deposits at Bank for one individual.

The Group had no branches within the Republic of Uzbekistan as of 31 December 2024 (31 December 2023: 8 branches). As at 31 December 2024, the consolidated financial statements include following subsidiaries:

Subsidiaries	Ownership 31 December 2024	Ownership 31 December 2023	Year of incorporation	Industry
TBC Fin Service LLC	100%	100%	2020	Leasing
Barakala Microfinance LLC	100%	-	2024	Microfinancing
TBC Sug'urta JSC	100%	-	2024	Insurance

Barakala Microfinancing LLC and TBC Sug'urta JSC were established in late 2024 and had no operations as of December 31, 2023, or up to the issuance date of these consolidated financial statements (see Note 28).

Registered address. The Group's registered address is: 10B Fidokor street, Mirabad district, Tashkent, the Republic of Uzbekistan, 100015.

Presentation currency. These consolidated financial statements are presented in millions of Uzbekistan Soums ("UZS"), unless otherwise stated.

2 Operating Environment of the Group

The Group's operations are primarily located in the Republic of Uzbekistan. Consequently, the Group is exposed to the economic and financial market risks of the Republic of Uzbekistan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Republic of Uzbekistan.

Influence of geopolitical events in the world. In February 2022, due to the conflict between the Russian Federation and Ukraine, numerous sanctions were announced against the Russian Federation by most Western countries. These sanctions are intended to have a negative economic impact on the Russian Federation.

2 Operating Environment of the Group (Continued)

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in currency and stock markets, as well as a volatility of UZS against the US dollar and Euro. This conflict affected some export-import operations of the Uzbek entities. However, since the Group's principal activities is a digital retail and micro-operations within the Republic of Uzbekistan that include mainly individuals, these developments did not significantly impact the operations of the Group.

In order to minimize the impact on consumers, the Government of Uzbekistan adopted the relevant regulatory decree, according to which, banks were advised to modify the repayment schedules for corporate loans and advances with "no accrued penalties and fines" and they are not classified as restructured loans for regulatory purposes. These documents have no significant accounting implications for the Group's as there are no corporate loans in the loan portfolio.

The Group continues to assess the effect of these events and changes in economic conditions on its operations, financial position and financial performance. The future effects of the current economic situation and the above measures are difficult to predict and management's current expectations and estimates could differ from actual results. The management is taking necessary measures to ensure sustainability of the Group's operations and to support its employees.

For 2024, the following key economic indicators are specific to Republic of Uzbekistan:

- Inflation: 9.8% (2023: 8.77%)
- Official exchange rate: 31 December 2024: USD 1 = UZS 12,920.48 (31 December 2023: USD 1 = UZS 12,338.77)
- GDP growth: 6.5% (2023: 6%)
- Refinancing rate of the CBU: 13.5% (2023: 14%)

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 had a negative impact on the cost of other goods and services, leading to significant increases in consumer prices in many countries. Prices for many commodities remain high. The Group continues to evaluate the impact of these events and changes in economic conditions on its operations. Current inflationary pressures, macroeconomic and geopolitical uncertainties affect the assumptions and estimation uncertainty associated with the valuation of assets and liabilities. Following the reporting date, the Group has sufficient resources, diversified sources of liquidity and a stable funding base to ensure the continued operation and the funding of its customers.

3 Material Accounting Policy Information

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards accounting standards as issued by the IASB ("IFRS Accounting Standards"). These consolidated financial statements under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, and by the revaluation of financial instruments categorized at fair value through profit or loss ("FVTPL"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Consolidated financial statements. Subsidiary is the investee, that the Group controls because the Group (i) has power to direct relevant activities of the investee that significantly affect its returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The subsidiary is consolidated from the date on which control is transferred to the Group and is deconsolidated from the date on which control ceases.

Financial instruments – key measurement terms. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

3 Material Accounting Policy Information (Continued)

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) or quoted prices (unadjusted) in markets with low volume trades for identical assets or liabilities, and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to Note 27.

Cost is the amount of cash or cash equivalents paid, or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes transaction costs.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place.

Amortized cost ("AC") is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount.

Financial instruments – initial recognition. Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an expected credit loss (ECL) allowance is recognized as financial assets measured at AC resulting in an immediate accounting loss.

The Group uses discounted cash flow valuation techniques to determine the fair value of currency swaps, Foreign exchange forwards that are not traded in an active market. Differences may arise between the fair value at initial recognition, which is considered to be the transaction price, and the amount determined at initial recognition using a valuation technique with level 3 inputs. If any differences remain after calibration of model inputs, such differences are initially recognized within other assets or other liabilities and are subsequently amortized on a straight-line basis over the term of the currency swaps, foreign exchange forwards.

The differences are immediately recognized in profit or loss if the valuation uses only level 1 or level 2 inputs.

Financial assets – classification and subsequent measurement – measurement categories. The Group classifies financial assets in the following measurement categories: FVTPL, and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model. The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows"), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Financial assets – classification and subsequent measurement – cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio as a whole change. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and did not make any reclassifications.

3 Material Accounting Policy Information (Continued)

Financial assets impairment – credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and for the exposures arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognizes credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL").

Refer to Note 25 for a description of how the Group determines when a SICR occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in Note 25. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 25 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Financial assets – write-off. Financial assets are written off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition. The Group derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired.

Financial assets – modification. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: change in contract currency, consolidation of two or more loans into one new loan, change in counterparty, loan with no predetermined payment schedule is changed with loan with schedule or vice versa and change in contractual interest rate due to market environment changes.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognized by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition. Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognized in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Hedge accounting. The Group applies fair value hedge accounting in respect of certain transactions, such as foreign exchange risk hedges on monetary positions hedged by foreign exchange forwards and swaps. The Group applies IFRS 9 requirements for hedge accounting. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

3 Material Accounting Policy Information (Continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Fair value hedges of foreign exchange risk on monetary positions that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

The Group normally designates only the spot element of foreign currency forward and swap contracts as a hedging instrument. The Group usually applies the provision for accounting for the forward element and foreign currency basis spread as cost of hedging, thus recognizing in OCI and accumulated in a separate component of equity under cost of hedging reserve, presented within "Other reserves" in the consolidated statement of financial position. The amounts accumulated in OCI within cost of hedge reserves are recycled to profit or loss over the tenor of hedging relationship on a straight-line basis and presented within "Net interest gains on currency swaps" in the consolidated statement of profit or loss and other comprehensive income.

The change in the fair value of a hedging instrument attributable to spot exchange rate movement is recognized in the consolidated statement of profit or loss and other comprehensive income within "Net gains from currency derivatives, foreign currency operations and translation" as "Net gains (losses) from foreign exchange translation", offsetting respective translation gains or losses recognized under IAS 21 in respect of the hedged item. Other changes in the fair value of the hedging instrument (including hedge ineffectiveness) are recognized in profit or loss within "Net gains from currency derivatives, foreign currency operations and translation" as "Net gains from trading in foreign currency".

Cash and cash equivalents. Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash on hand, amounts due from the Central Bank of Uzbekistan (CBU), excluding mandatory reserves, and all interbank placements and interbank receivables with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents, both in the statement of financial position and for the purposes of the statement of cash flows. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed.

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

Mandatory cash balances with the Central Bank of Uzbekistan (CBU). Mandatory cash balances with the CBU are carried at AC and represent non-interest-bearing mandatory reserve deposits, which are not available to finance the Group's day to day operations, and hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows. The amount of Mandatory cash balances with CBU is insignificant and included within Due from other banks in the consolidated statement of financial position.

Due from other banks. Amounts due from other banks are recorded when the Group advances money to counterparty banks. Amounts due from other banks are carried at AC when: (i) they are held for the purpose of collecting contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Otherwise, they are carried at FV.

Investments in debt securities. Based on the business model and the cash flow characteristics, the Group classifies investments in debt securities as carried at AC or FVTPL. Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent SPPI, and if they are not voluntarily designated at FVTPL in order to significantly reduce an accounting mismatch.

3 Material Accounting Policy Information (Continued)

Loans and advances to customers. Loans and advances to customers are recorded when the Group advances money to purchase or originate a loan due from a customer. Based on the business model and the cash flow characteristics, the Group classifies loans and advances to customers into one of the following measurement categories: (i) AC: loans that are held for collection of contractual cash flows and those cash flows represent SPPI and loans that are not voluntarily designated at FVTPL, and (ii) FVTPL: loans that do not meet the SPPI test or other criteria for AC are measured at FVTPL.

Impairment allowances are determined based on the forward-looking ECL models. Note 25 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Finance lease receivables. Where the Group is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable and carried at the present value of the future lease payments. Finance lease receivables are initially recognized at commencement (when the lease term begins) using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease).

The difference between the gross receivable and the present value represents unearned finance income. This income is recognized over the term of the lease by applying the rate implicit in the lease to (i) the gross book value of lease receivables in stage 1 and 2 and (ii) net carrying amount of lease receivables in stage 3 of the ECL model. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognized over the lease term. Finance income from leases is recorded within Interest income in profit or loss.

Credit loss allowance is recognized in accordance with the general ECL model. The ECL is determined in the same way as for loans and advances measured at AC and recognized through an allowance account to write down the receivables' net carrying amount to the present value of expected cash flows discounted at the interest rates implicit in the finance leases. The estimated future cash flows reflect the cash flows that may result from obtaining and selling the assets subject to the lease.

Premises and equipment. Premises and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. The cost of premises and equipment of acquired subsidiaries is the estimated carrying value at the date of acquisition.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. The costs of replacing major parts or components of premises and equipment items are capitalized, and the replaced part is retired.

Leasehold improvements are alterations made to rented properties by the Group to customize it to its particular business needs and preferences. The improvements that are specialized to the Group's intended use of the property are treated as their own assets for accounting purposes.

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

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognized in profit or loss for the period (within other operating income or expenses).

Depreciation. Land and construction in progress are not depreciated. Depreciation of other items of premises and equipment and right-of-use assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Premises	5 to 33 years
Office and computer equipment	3 to 8 years
Motor vehicles	4 to 5 years
Right-of-use assets	Shorter of useful life and the term of the underlying lease
Leasehold improvements	Shorter of useful life and the term of the underlying lease

3 Material Accounting Policy Information (Continued)

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

Intangible assets. The Group's intangible assets other than goodwill have definite useful life and primarily include capitalized computer software and licenses. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if the inflow of incremental economic benefits exceeding costs is probable. Capitalized costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred. Intangible assets are amortized on a straight-line basis over expected useful lives of 2 to 10 years.

Accounting for leases by the Group as a lessee. The Group leases office, branches and service centre premises. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period. The right-of-use asset is recognized at cost and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

As an exception to the above, the Group accounts for short-term leases and leases of low value assets by recognising the lease payments as an operating expense on a straight line basis.

Due to other banks. Amounts due to other banks are recorded when money or other assets are advanced to the Group by counterparty banks. The non-derivative liability is carried at AC. If the Group purchases its own debt, the liability is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains or losses arising from early retirement of debt.

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

Financial liabilities. Measurement categories. Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognized by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Other borrowed funds. Other borrowed funds include obligations to return funds borrowed from financial institutions. Other borrowed funds are carried at AC.

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period.

3 Material Accounting Policy Information (Continued)

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

Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

Deferred income tax is not recognized on post-acquisition retained earnings and other post acquisition movements in reserves of subsidiaries where the Group controls the subsidiary's dividend policy, and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognized as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognized as a prepayment.

Share capital. Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Ordinary shares issued to a lender (who is not an owner of the entity) in order to settle a financial liability are recorded at the fair value of the shares issued when the settlement in shares was not part of the original terms and conditions of the borrowing. A gain or loss on the negotiated early extinguishment of the debt is recognized in profit or loss.

Interest income and expense recognition. Interest income and expense are recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Group does not designate loan commitments as financial liabilities at FVTPL.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

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

If the credit risk on the financial asset classified in Stage 3 subsequently improves so that the asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the asset had been determined as credit-impaired (i.e. the asset becomes cured), the asset is reclassified from stage 3 and the interest revenue is calculated by applying the EIR to the gross carrying amount. The additional interest income, which was previously not recognized in P&L due to the asset being in stage 3, but it is now expected to be received following the asset's curing, is recognized as a reversal of impairment.

3 Material Accounting Policy Information (Continued)

Fee and commission income. Fee and commission income is recognized over time on a straight-line basis as the services are rendered, when the customer simultaneously receives and consumes the benefits provided by the Group's performance. Such income includes recurring fees for account maintenance, account servicing fees, account subscription fees, premium service package fees, portfolio and other asset management advisory and service fees, wealth management and financial planning services, or fees for servicing loans on behalf of third parties, etc. Variable fees are recognized only to the extent that management determines that it is highly probable that a significant reversal will not occur.

Other fee and commission income is recognized at a point in time when the Group satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received, or receivable represents the transaction price for the services identified as distinct performance obligations. Such income includes fees for arranging a sale or purchase of foreign currencies on behalf of a customer, fees for processing payment transactions, fees for cash settlements, collection or cash disbursements, as well as, commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses.

Foreign currency translation. The consolidated financial statements are presented in UZS, which is the Group's presentation currency. Income and expenses arising from translation of monetary transactions in foreign currencies are recognized in the statement of profit and loss as "Foreign exchange translation gains less losses".

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

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

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

Segment reporting. Segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately. Considering the fact that the Group provides mainly digital banking and instalment services in the Republic of Uzbekistan, the Management has determined a single operating segment being digital banking services based on the internal reports. The chief operating decision-maker ("CODM") has been determined as the Group's Chairman of the Management Board. The CODM regularly uses financial information based on the IFRS and profit before tax in accordance with the IFRS for operational decision-making and resource allocation.

3 Material Accounting Policy Information (Continued)

Presentation of statement of financial position in order of liquidity. The Group does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 25 for analysis of financial instruments by their maturity.

The following table provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period for items that are not analyzed in Note 25.

<i>In millions of Uzbekistan Soums</i>	31 December 2024			31 December 2023		
	Amounts expected to be recovered or settled			Amounts expected to be recovered or settled		
	Within 12 months after the reporting period	Beyond 12 months after the reporting period	Total	Within 12 months after the reporting period	Beyond 12 months after the reporting period	Total
ASSETS						
Premises, equipment	-	189,237	189,237	-	45,345	45,345
Right of use assets	-	56,715	56,715	-	19,555	19,555
Intangible assets	-	284,129	284,129	-	117,886	117,886
Deferred income tax asset	-	12,242	12,242	-	32,153	32,153
Current income tax prepayment	39,347	-	39,347	11,600	-	11,600
Other non-financial assets	135,111	-	135,111	35,745	-	35,745
TOTAL ASSETS	174,458	542,323	716,781	47,345	214,939	262,284
LIABILITIES						
Other non-financial liabilities	61,903	-	61,903	29,801	-	29,801
TOTAL LIABILITIES	61,903	-	61,903	29,801	-	29,801

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognized in the consolidated financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 25. The following components have a major impact on credit loss allowance:

- determination of a level of ECL assessment on an individual instrument basis;
- definition of default applied by the Group;
- development and application of internal credit grading models, which assigns probability of default ("PD") to the individual credit risk grades;
- assessment of loss given default ("LGD");
- assessment of exposure at default ("EAD");
- criteria for assessing if there has been a significant increase in credit risk ("SICR");
- selection of forward-looking macroeconomic scenarios and their probability weightings.

The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

The Group used supportable forward-looking information for measurement of ECL. The most significant forward-looking assumptions that correlate with ECL level and their assigned weights were as follows at 31 December 2024:

Variable	Scenario	Assigned weight	Assumption for:		
			2025	2026	2027
GDP Growth rate	Scenario 1	25%	5.8%	5.9%	6.0%
	Base	50%	5.7%	5.8%	6.3%
	Scenario 3	25%	5.5%	5.9%	5.9%
Inflation rate	Scenario 1	25%	9.0%	7.0%	5.0%
	Base	50%	9.4%	7.2%	5.7%
	Scenario 3	25%	9.8%	8.1%	6.5%
Unemployment rate	Scenario 1	25%	6.1%	5.7%	5.4%
	Base	50%	5.8%	5.3%	4.8%
	Scenario 3	25%	6.4%	6.2%	6.0%

The assumptions and assigned weights were as follows at 31 December 2023:

Variable	Scenario	Assigned weight	Assumption for:		
			2024	2025	2026
GDP Growth rate	Scenario 1	25%	5.5%	5.6%	5.8%
	Base	50%	5.5%	5.5%	5.5%
	Scenario 3	25%	5.0%	5.2%	5.0%
Inflation rate	Scenario 1	25%	10.2%	10.0%	9.9%
	Base	50%	10.7%	9.3%	7.1%
	Scenario 3	25%	7.7%	7.7%	7.7%
Unemployment rate	Scenario 1	25%	7.1%	7.1%	7.1%
	Base	50%	7.9%	7.4%	6.9%
	Scenario 3	25%	9.0%	9.0%	9.0%

The main assumption related to the weighting of the scenarios was related to the reliability of the information, i.e. IMF is considered the most reliable and available information (information from IMF is easily accessible - usually publicly available). Since other sources are considered similar in terms of reliability and accessibility, management decided to allocate equally 25% for both scenarios 1 (e.g., World Bank) and 3 (S&P Global), while significant weight - 50% was allocated to base scenario (2).

Analysis of the sensitivity. The Group performed the following analysis of the sensitivity of the level of ECL on changes in PD, LGD and macroeconomic coefficient parameters by 10% as at year end:

At 31 December 2024 <i>In millions of Uzbekistan Soums</i>	Increase (decrease) in %	Sensitivity of ECL	Sensitivity of Equity
PD	+10%	26,703	21,522
	- 10%	(37,627)	(30,315)
Macroeconomic coefficient	+10%	19,335	15,577
	- 10%	(19,335)	(15,577)
LGD	+10%	37,603	30,295
	-10%	(37,627)	(30,315)

At 31 December 2023 <i>In millions of Uzbekistan Soums</i>	Increase (decrease) in %	Sensitivity of ECL	Sensitivity of Equity
PD	+10%	15,373	12,299
	- 10%	(15,373)	(12,299)
Macroeconomic coefficient	+10%	11,083	8,866
	- 10%	(11,083)	(8,866)
LGD	+10%	16,911	13,529
	-10%	(16,911)	(13,529)

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

Significant increase in credit risk ("SICR"). In order to determine whether there has been a significant increase in credit risk, the Group compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition.

The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Group considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioral aspects of particular customer portfolios. The Group identifies behavioral indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level.

5 Adoption of New or Revised Standards and Interpretations

The following amendments became effective from 1 January 2024:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).

The application of the above amendments had no impact on the Group's consolidated financial statements.

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Group has not early adopted. The following amendments to standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). The Group is currently assessing the impact of the amendments on its financial statements.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). The Group is not eligible to apply the reduced disclosure requirements introduced by this standard.

IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014). An entity that already presents IFRS financial statements is not eligible to apply the standard.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). The Group is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026). The Group is currently assessing the impact of the amendments on its financial statements.

7 Cash and Cash Equivalents

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Cash balances with the CBU (other than mandatory reserve deposits)	892,612	289,452
Correspondent accounts and overnight placements with other banks	16,414	72,374
Less credit loss allowance	(65)	(45)
Total cash and cash equivalents	908,961	361,781

7 Cash and Cash Equivalents (Continued)

As at 31 December 2024, cash and cash equivalents in the amount of UZS 908,961 million (100%) (2023: UZS 361,781 million) were placed in 3 commercial banks and Central Bank of Uzbekistan. The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades as at 31 December 2024. Refer to Note 25 for the description of the Group's credit risk grading system. Refer to Note 27 for the estimated fair value of cash and cash equivalents.

<i>In millions of Uzbekistan Soums</i>	Cash balances with the CBU	Correspondent accounts and overnight placements	Total
Central Bank of Uzbekistan	892,612	-	892,612
Ba2 (Moody's rated)	-	7,099	7,099
BB- (S&P rated)	-	36	36
B2 (Moody's rated)	-	9,279	9,279
Less credit loss allowance	(20)	(45)	(65)
Total cash and cash equivalents	892,592	16,369	908,961

The credit quality of cash and cash equivalents balances based on credit risk grades as at 31 December 2023 is as follows.

<i>In millions of Uzbekistan Soums</i>	Cash balances with the CBU	Correspondent accounts and overnight placements	Total
Central Bank of Uzbekistan	289,452	-	289,452
B1 (Moody's rated)	-	69,719	69,719
BB- (S&P rated)	-	1,387	1,387
B2 (Moody's rated)	-	1,267	1,267
Less credit loss allowance	(13)	(32)	(45)
Total cash and cash equivalents, excluding cash on hand	289,439	72,342	361,781

For the purpose of ECL measurement cash and cash equivalents balances included in Stage 1 due to absence of SICR and default events (2023: Stage 1). Refer to Note 25 for the ECL measurement approach.

8 Due from Other Banks

Amounts due from other banks include Mandatory cash balances with CBU and placements with original maturities of more than three months that are not collateralized and represent neither past due nor impaired amounts. Mandatory deposits with the CBU include non-interest bearing reserves against client deposits. The Group does not have the right to use these deposits for the purposes of funding its own activities.

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Mandatory cash balances with CBU	-	20,966
Placements with other banks with original maturities of more than three months	64,602	-
Restricted cash	37,618	6,169
Less credit loss allowance	-	-
Total due from other banks	102,220	27,135

The credit quality of Placements with other banks with original maturities of more than three months based on credit risk grades as at 31 December 2024 is BB- (S&P rated) and restricted cash Ba2 as at 31 December and Ba3 in 2023 (Moody's rated). For the purpose of ECL measurement, due from other banks balances included in Stage 1 due to absence of SICR and default events (2023: Stage 1). Refer to Note 25 for the ECL measurement approach. Restricted cash balance is a placement with TBC Bank Georgia, placed as part of NDF hedge derivatives and serves as a guarantee deposit.

Refer to Note 27 for the disclosure of the fair value of due from banks and Refer to Note 25 for the ECL measurement approach.

9 Loans and Advances to Customers, including Finance Lease Receivables

<i>In millions of Uzbekistan Soms</i>	31 December 2024	31 December 2023
Gross carrying amount of loans and advances to individuals at AC	8,075,460	3,800,548
Less credit loss allowance	(376,272)	(162,416)
Total carrying amount of loans and advances to customers	7,699,188	3,638,132

Gross carrying amount and credit loss allowance amount for loans and advances to customers at AC by classes as of 31 December 2024 and 31 December 2023 are disclosed in the table below:

<i>In millions of Uzbekistan Soms</i>	31 December 2024			31 December 2023		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
<i>Loans to individuals</i>	8,075,460	(376,272)	7,699,188	3,800,548	(162,416)	3,638,132
Consumer loans	7,128,158	(327,656)	6,798,444	3,613,203	(149,295)	3,463,908
Finance lease	867,867	(42,606)	825,261	143,228	(9,930)	133,298
Car loans	28,118	(4,573)	25,603	44,117	(3,191)	40,926
Credit cards	51,345	(1,465)	49,880	-	-	-
Total carrying amount of loans at AC	8,075,488	(376,300)	7,699,188	3,800,548	(162,416)	3,638,132

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting and comparative periods:

<i>In millions of Uzbekistan Soms</i>	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Consumer loans								
At 31 December 2023	76,255	26,843	46,198	149,296	3,424,233	116,604	72,365	3,613,203
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(184,753)	184,753	-	-	(438,420)	438,420	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	(154,269)	154,269	-	-	(258,094)	258,094	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	7,453	(6,243)	(1,210)	-	32,923	(30,974)	(1,949)	(0)
New originated or purchased	337,874	-	-	337,874	6,089,291	-	-	6,089,291
Derecognised during the period	(42,410)	(6,937)	(12,953)	(62,300)	(1,812,156)	(30,784)	(20,021)	(1,862,961)
Net repayments	-	-	-	-	(527,509)	(32,941)	(19,572)	(580,022)
Net re-measurement due to stage transfers	(7,049)	12,705	42,505	48,161	-	-	-	-
Net re-measurement due to changes in risk parameters and repayments	(13,026)	(886)	(111)	(14,023)	-	-	-	-
Total movements with impact on credit loss allowance charge for the period	98,091	29,123	182,500	309,712	3,344,129	85,626	216,553	3,646,308
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(131,352)	(131,352)	-	-	(131,352)	(131,352)
At 31 December 2024	174,346	55,966	97,346	327,656	6,768,362	202,230	167,566	7,128,158

9 Loans and Advances to Customers, including Finance Lease Receivables (Continued)

In millions of Uzbekistan Soums	Credit loss allowance			Total	Gross carrying amount			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)		Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	
Finance lease								
At 31 December 2023	2,967	1,120	5,843	9,930	129,615	4,882	8,731	143,228
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(13,882)	13,882	-	-	(44,570)	44,570	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	(8,197)	8,197	-	-	(22,291)	22,291	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	195	(25)	(170)	-	539	(267)	(272)	-
New originated or purchased	38,108	-	-	38,108	841,799	-	-	841,799
Derecognised during the period	(1,644)	(340)	(1,637)	(3,621)	(73,268)	(1,616)	(7,185)	(82,068)
Net repayments	-	-	-	-	(26,885)	(2,314)	(1,622)	(30,822)
Net re-measurement due to stage transfers	(698)	395	2,763	2,460	-	-	-	-
Total movements with impact on credit loss allowance charge for the period	22,078	5,716	9,152	36,947	697,615	18,083	13,211	728,909
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(4,270)	(4,270)	-	-	(4,270)	(4,270)
At 31 December 2024	25,046	6,836	10,725	42,606	827,231	22,965	17,671	867,867

In millions of Uzbekistan Soums	Credit loss allowance			Total	Gross carrying amount			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)		Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	
Car loans								
At 31 December 2023	857	905	1,428	3,191	38,210	3,331	2,575	44,117
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(2,162)	2,162	-	-	(4,687)	4,687	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	(2,522)	2,522	-	-	(3,890)	3,890	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	302	(194)	(108)	-	986	(790)	(197)	-
New originated or purchased	-	-	-	-	-	-	-	-
Derecognised during the period	1,930	(281)	(243)	1,406	(5,446)	(975)	(450)	(6,871)
Net repayments	(278)	514	1,141	1,377	(4,885)	(368)	(335)	(5,588)
Net re-measurement due to stage transfers	2,140	(1)	-	2,139	-	-	-	-
Total movements with impact on credit loss allowance charge for the period	1,932	(322)	3,311	4,922	(14,032)	(1,336)	2,909	(12,459)
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(3,540)	(3,540)	-	-	(3,540)	(3,540)
At 31 December 2024	2,790	584	1,200	4,573	24,178	1,995	1,945	28,118

The Bank launched credit cards in Q4 2024. Due to the lack of historical default data for the ECL model, management used its consumer loan data to assess the expected credit loss for credit cards and it was estimated at UZS 1,465 million for the total gross carrying amount of UZS 51,345 million as at year end.

9 Loans and Advances to Customers, including Finance Lease Receivables (Continued)

In millions of Uzbekistan Soums	Credit loss allowance			Total	Gross carrying amount			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)		Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	
Consumer loans								
At 31 December 2022	23,260	9,001	22,103	54,364	1,366,383	44,907	33,701	1,444,991
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(40,597)	40,597	-	-	(210,984)	210,984	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	(25,690)	25,690	-	-	(100,998)	100,998	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	1,749	(1,095)	(654)	-	7,772	(6,720)	(1,052)	-
New originated or purchased	107,642	-	-	107,642	3,201,004	-	-	3,201,004
Derecognised during the period	(12,470)	(2,120)	(4,635)	(19,225)	(732,545)	(10,639)	(7,411)	(750,595)
Net repayments	-	-	-	-	(207,397)	(20,929)	(7,660)	(235,986)
Net re-measurement due to stage transfers	(1,655)	6,640	20,593	25,578	-	-	-	-
Net re-measurement due to changes in risk parameters and repayments	(1,675)	(491)	29,313	27,147	-	-	-	-
Total movements with impact on credit loss allowance charge for the period	52,994	17,841	70,306	141,142	2,057,850	71,697	84,876	2,214,423
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(46,211)	(46,211)	-	-	(46,211)	(46,211)
At 31 December 2023	76,255	26,843	46,198	149,295	3,424,233	116,604	72,365	3,613,203

In millions of Uzbekistan Soums	Credit loss allowance			Total	Gross carrying amount			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)		Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	
Finance lease								
At 31 December 2022	1,767	327	5,325	7,420	103,899	1,648	7,215	112,763
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(5,481)	5,481	-	-	(14,870)	14,870	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	(4,604)	4,604	-	-	(9,784)	9,784	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	55	(0)	(55)	-	82	9	(91)	-
New originated or purchased	7,656	-	-	7,656	109,973	-	-	109,973
Derecognised during the period	(630)	(65)	(434)	(1,128)	(37,094)	(327)	(609)	(38,030)
Net repayments	-	-	-	-	(32,376)	(1,533)	(935)	(34,844)
Net re-measurement due to stage transfers	(400)	(20)	3,037	2,617	-	-	-	-
Total movements with impact on credit loss allowance charge for the period	1,200	792	7,152	9,145	25,716	3,234	8,150	37,100
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
At 31 December 2023	2,967	1,120	5,843	9,930	129,615	4,882	8,731	143,228

9 Loans and Advances to Customers, including Finance Lease Receivables (Continued)

In millions of Uzbekistan Soms	Credit loss allowance			Total	Gross carrying amount			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)		Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
Car loans								
At 31 December 2022	43	13	-	56	2,523	62	-	2,585
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(2,323)	2,323	-	-	(5,859)	5,859	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	(1,428)	1,428	-	-	(2,575)	2,575	-
New originated or purchased	3,145	-	-	3,145	42,475	-	-	42,475
Net repayments	-	-	-	-	(930)	(14)	-	(944)
Net re-measurement due to stage transfers	(7)	(2)	-	(9)	-	-	-	-
Total movements with impact on credit loss allowance charge for the period	815	892	1,428	3,135	35,687	3,269	2,575	41,531
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
At 31 December 2023	857	905	1,428	3,191	38,210	3,331	2,575	44,117

The credit loss allowance for loans and advances to customers recognized in the period is impacted by a variety of factors, details of ECL measurement are provided in Note 25. The main movements in the table are described below:

- Transfers between Stage 1, 2 and 3 due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Write-offs of allowances related to assets that were written off during the period, all of which is subject to enforcement activities.

The following tables contain analyses of the credit risk exposure of loans and advances to customers measured at AC and for which an ECL allowance is recognised. The carrying amount of loans and advances to customers below also represents the Group's maximum exposure to credit risk on these loans.

The credit quality of loans to customers carried at amortised cost is as follows at 31 December 2024:

In millions of Uzbekistan Soms	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Consumer loans				
- Excellent	6,413,481	-	-	6,413,481
- Good	354,881	-	-	354,881
- Satisfactory	-	32,006	-	32,006
- Special monitoring	-	170,225	-	170,225
- Default	-	-	157,566	157,566
Gross carrying amount	6,768,364	202,230	157,566	7,128,160
Credit loss allowance	(176,403)	(55,966)	(97,345)	(329,714)
Carrying amount	6,591,961	146,264	60,221	6,798,445
Finance lease				
- Excellent	785,142	-	-	785,142
- Good	42,089	-	-	42,089
- Satisfactory	-	16,762	-	16,762
- Special monitoring	-	6,203	-	6,203
- Default	-	-	17,671	17,671
Gross carrying amount	827,231	22,965	17,671	867,867
Credit loss allowance	(25,046)	(6,836)	(10,725)	(42,606)
Carrying amount	802,185	16,129	6,946	825,261

9 Loans and Advances to Customers, including Finance Lease Receivables (Continued)

<i>In millions of Uzbekistan Soums</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Car loans				
- Excellent	21,116	-	-	21,116
- Good	3,062	-	-	3,062
- Satisfactory	-	491	-	491
- Special monitoring	-	1,505	-	1,505
- Default	-	-	1,917	1,917
Gross carrying amount	24,178	1,995	1,917	28,090
Credit loss allowance	(732)	(584)	(1,172)	(2,487)
Carrying amount	23,446	1,412	745	25,603
Credit cards				
- Excellent	51,345	-	-	51,345
Gross carrying amount	51,345	-	-	51,345
Credit loss allowance	(1,465)	-	-	(1,465)
Carrying amount	49,880	-	-	49,880

The credit quality of loans to customers carried at amortised cost is as follows at 31 December 2023:

<i>In millions of Uzbekistan Soums</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Consumer loans				
- Excellent	3,244,299	-	-	3,244,299
- Good	179,934	-	-	179,934
- Satisfactory	-	100,836	-	100,836
- Special monitoring	-	15,769	-	15,769
- Default	-	-	72,365	72,365
Gross carrying amount	3,424,233	116,604	72,365	3,613,203
Credit loss allowance	(76,255)	(26,843)	(46,198)	(149,295)
Carrying amount	3,347,978	89,761	26,168	3,463,907
Finance lease				
- Excellent	125,410	-	-	125,410
- Good	4,205	-	-	4,205
- Satisfactory	-	2,558	-	2,558
- Special monitoring	-	2,324	-	2,324
- Default	-	-	8,731	8,731
Gross carrying amount	129,615	4,882	8,731	143,228
Credit loss allowance	(2,967)	(1,120)	(5,843)	(9,930)
Carrying amount	126,648	3,762	2,888	133,298
Car loans				
- Excellent	35,772	-	-	35,772
- Good	2,438	-	-	2,438
- Satisfactory	-	2,290.4	-	2,290
- Special monitoring	-	1,041.0	-	1,041
- Default	-	-	2,575	2,575
Gross carrying amount	38,210	3,331	2,575	44,117
Credit loss allowance	(857)	(905)	(1,428)	(3,191)
Carrying amount	37,353	2,426	1,147	40,926

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period. Consumer loans are unsecured and collateral held for car loans must be at least 120% of the loans.

The financial effect of collateral is presented by disclosing the collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed the assets' carrying value ("over-collateralized assets") and (ii) those assets with no collateral and any credit enhancements are unsecured assets ("unsecured assets").

The effect of collateral as at 31 December 2024:

<i>In millions of Uzbekistan Soums</i>	Over-collateralized Assets		Unsecured Assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Consumer loans	-	-	6,798,444	-
Finance lease	-	-	825,261	-
Car loans	25,603	45,424	-	-
Total	25,603	45,424	7,623,705	-

9 Loans and Advances to Customers, including Finance Lease Receivables (Continued)

The effect of collateral as at 31 December 2023:

<i>In millions of Uzbekistan Soums</i>	Over-collateralized Assets		Unsecured Assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Consumer loans	-	-	3,463,908	-
Finance lease	-	-	133,298	-
Car loans	40,926	56,906	-	-
Total	40,926	56,906	3,597,206	-

10 Investments in Debt Securities

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Debt securities at AC	712,608	283,121
Total investments in debt securities	712,608	283,121

The table below discloses investments in debt securities by measurement categories and classes:

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Bonds of Central Bank of Uzbekistan	158,969	237,344
Bonds of Ministry of Finance and Economy of Uzbekistan	555,559	46,093
Credit loss allowance	(1,920)	(316)
Total investments in debt securities	712,608	283,121

Investment in debt securities comprise bonds of Central Bank of Uzbekistan and bonds of Ministry of Finance and Economy of Uzbekistan. 2024 and 2023 Standard & Poor's credit rating for Uzbekistan stands at BB- with a stable outlook. Bonds of Central Bank of Uzbekistan interest rate is 15% (2023: 15.95%) and maturity up to 3 months (2023: up to 6 months). Bonds of Ministry of Finance and Economy of Uzbekistan interest rates range from 15% to 17% (2023: 16%) and maturity up to 12 months (2023: up to 1 month). Investment in debt securities is accounted at amortised cost since business model is "hold to collect" and SPPI test was passed. All investments in debt securities were in stage 1 as of 31 December 2024 and 31 December 2023 and there were no movements between stages.

11 Other Assets

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Accrued commissions and fees for services	30,915	-
Total other financial assets	30,915	-
Prepaid expenses	102,114	18,851
Inventory	14,607	4,586
Plastic cards	6,303	5,325
Prepayments for purchase of leasing assets	10,807	2,753
Cashback from partners	-	-
Prepayment for taxes other than income tax	396	623
Other	885	3,607
Total other non-financial assets	135,112	35,745
Total other assets	166,027	35,745

Accrued commissions and fees for services consist of receivable amount from "Apex Insurance" LLC and receivable from Joint-Stock Company "Payme" (2023: none). Prepaid expenses consist of advance deposit amount for the Aiforia Information Technology (AI developing contractor) amounting to 61,132 million UZS (2023: none), Compass Plus Limited (payment technology developing contractor) amounting to 1,615 million UZS (2023: none), Service You Business LLC (corporate cloud provider) amounting to 17,944 million UZS (2023: none).

12 Premises and Equipment, and Intangible Assets

<i>In millions of Uzbekistan Soums</i>	Buildings and Premises	Office and computer equipment	Total premises and equipment	Intangible Assets	Lease holding improve- ments	Total
Carrying amount at 1 January 2023	643	38,388	39,031	76,653	9,895	125,579
Cost at 1 January 2023	1,044	50,009	51,053	89,064	13,757	153,875
Accumulated depreciation/ amortisation	(401)	(11,621)	(12,022)	(12,411)	(3,862)	(28,295)
Additions	1,466	10,028	11,495	54,012	278	65,784
Net transfers	-	-	-	-	-	-
Disposals	-	(404)	(404)	-	(2,373)	(2,777)
Depreciation/ amortization charge	(391)	(9,874)	(10,266)	(12,780)	(2,971)	(26,017)
Elimination of accumulated depreciation/amortization on disposal	-	35	35	-	625	660
Carrying amount at 31 December 2023	1,718	38,173	39,891	117,886	5,454	163,231
Cost at 31 December 2023	2,510	59,633	62,143	143,076	11,662	216,881
Accumulated depreciation/ amortisation	(793)	(21,460)	(22,253)	(25,191)	(6,208)	(53,652)
Additions	377	149,496	149,873	188,400	13,199	351,472
Net transfers	-	-	-	-	-	-
Disposals	-	(251)	(251)	-	(7,855)	(8,106)
Depreciation/ amortization charge	(512)	(12,746)	(13,258)	(22,156)	(959)	(36,373)
Elimination of accumulated depreciation/amortization on disposal	-	19	19	-	3,125	3,144
Carrying amount at 31 December 2024	1,582	174,691	176,274	284,129	12,964	473,367
Cost at 31 December 2024	2,887	208,878	211,765	331,476	17,006	560,247
Accumulated depreciation/ amortisation	(1,305)	(34,187)	(35,492)	(47,347)	(4,042)	(86,881)

13 Right of Use Assets and Lease Liabilities

The Group leases head office, branch, and several warehouses. Rental contracts are typically made for fixed periods of 11 months to 10 years (2023: 12 months to 5 years). All leases are recognized as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Group.

The right of use assets by class of underlying items is analyzed as follows:

<i>In millions of Uzbekistan Soums</i>	Buildings	Total
Carrying amount at 1 January 2023	30,639	30,639
Additions	-	-
Disposals	(2,684)	(2,684)
Depreciation/amortisation charge	(8,400)	(8,400)
Carrying amount at 31 December 2023	19,555	19,555
Additions	51,965	51,965
Disposals	(5,546)	(6,619)
Depreciation/amortisation charge	(9,259)	(8,186)
Carrying amount at 31 December 2024	56,715	56,715

Interest expense on lease liabilities was UZS 4,812 million (2023: UZS 3,617 million) and cash outflow for rent payments was UZS 17,974 million (2023: UZS 11,523 million).

Expenses relating to short-term leases (included in administrative and other operating expenses) and to leases of low value assets that are not shown as short-term leases are included in administrative and other operating expenses.

14 Reconciliation of Liabilities Arising from Financing Activities

The table below sets out movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing activities in the statement of cash flows.

<i>In millions of Uzbekistan Soums</i>	Other borrowed funds	Lease liabilities	Debt securities in issue	Total
Liabilities from financing activities at 1 January 2023	27,974	33,688	-	61,662
Proceeds	389,979	-	-	389,979
Disbursements	-	(7,906)	-	(7,906)
Interest accrual	28,738	3,617	-	32,355
Interest paid	(20,962)	(3,617)	-	(24,579)
Other	(3,938)	(2,838)	-	(6,776)
Forex	(228)	-	-	(228)
Liabilities from financing activities at 31 December 2023	421,563	22,944	-	444,507
Proceeds	1,674,769	-	165,728	1,840,497
Disbursements	(226,407)	(13,162)	-	(239,569)
Interest accrual	159,221	4,812	1,272	165,305
Interest paid	(112,173)	(4,812)	-	(116,985)
New lease liabilities accrued	-	45,342	-	45,342
Forex	15,790	-	-	15,790
Liabilities from financing activities at 31 December 2024	1,932,763	55,124	167,000	2,154,887

Other borrowed funds represent fundings borrowed from:

- NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN amounting to USD 30.7 million (2023: USD 14.3 million) denominated (fixed) in Uzbek soum, with latest maturity of drawdowns in October 2028 (2023: November 2026);
- RESPONSABILITY INVESTMENTS AG amounting to USD 25.4 million (2023: USD 5 million) denominated (fixed) in Uzbek soum, with latest maturity of drawdowns in December 2028 (2023: December 2028);
- TBC BANK GROUP PLC amounting to USD 30.7 million (2023: USD 15.1 million), with latest maturity of drawdowns in April 2027 (2023: April 2024).
- GLOBAL GENDER-SMART FUND S.A. SICAV-SIF amounting to USD 10.1 million (2023: none) denominated (fixed) in Uzbek soum, with maturing in November 2027 (2023: none);
- BLUEORCHARD MICROFINANCE FUND amounting to USD 26 million (2023: none) denominated (fixed) in Uzbek soum, with latest maturity of drawdowns in November 2027 (2023: none);
- EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT amounting to USD 5 million (2023: none) denominated (fixed) in Uzbek soum, with latest maturity of drawdowns in December 2028 (2023: none);

Debt securities in issue represent bonds issued:

- in November 2024 for UZS 40 billion with 24% coupon rate, maturing November 2025;
- in December 2024 for UZS 128 billion with 24% coupon rate, maturing December 2026.

The loans were borrowed to finance existing and new loan products for individuals sector.

15 Due to Other Banks

As at 31 December 2024, unmatured interbank deposits denominated in Uzbek soum had been received for a total amount of UZS 231.5 billion:

- Ipak Yuli Bank for UZS 50 billion, maturing in September 2025;
- Hamkorbank for UZS 181.5 billion, earliest drawdown maturing May 2025 and latest maturing October 2025.

As at 31 December 2023, unmatured interbank deposits denominated in Uzbek soum had been received for a total amount of UZS 60 billion:

- APEX BANK for UZS 30 billion, maturing in January 2024;
- OCTOBANK for UZS 30 billion, maturing in February 2024.

16 Customer Accounts

<i>In millions of Uzbekistan Soms</i>	31 December 2024	31 December 2023
Individuals		
- Term deposits	4,016,938	2,343,797
- Current/settlement accounts	508,602	236,531
Other legal entities		
- Term deposits	316,309	60,936
- Current/settlement accounts	138,131	33,375
Total customer accounts	4,979,980	2,674,639

Current/settlement accounts represent retail customers' current, and savings accounts held with the Group for daily banking needs. Saving accounts represent UZS 196,470 million (2023: UZS 156,725 million) bearing 18% annual interest rate (2023: 18% p.a). Refer to Note 27 for the disclosure of the fair value of each class of customer accounts. Interest rate analysis of customer accounts is disclosed in Note 25. Information on related party balances is disclosed in Note 28.

Economic sector risk concentrations within the customer accounts are as follows:

<i>In millions of Uzbekistan Soms</i>	31 December 2024		31 December 2023	
	Amount	%	Amount	%
Individuals	4,525,540	90.87%	2,580,328	96.47%
Financial Services	230,094	4.62%	86,229	3.22%
State and public organizations	221,600	4.45%	7,000	0.26%
Trade	277	0.01%	893	0.03%
Services	2,469	0.05%	189	0.01%
Total customer accounts	4,979,980	100.00%	2,674,639	100.00%

17 Other Liabilities

<i>In millions of Uzbekistan Soms</i>	31 December 2024	31 December 2023
Other financial liabilities		
Accounts payable for inventories and services	114,251	36,339
Provision for TBC Stars	2,762	-
Total financial liabilities	117,013	36,339
Other non-financial liabilities		
Bonus and salary accrual	50,191	23,104
Deferred cash award	11,609	6,375
Advances received under financial contracts lease	-	312
Taxes Payable	17	-
Other	87	10
Total other non-financial liabilities	61,904	29,801
Total other liabilities	178,917	66,140

Deferred cash award. The Group implements a top management compensation scheme wherein, each year, subject to performance and service conditions, the Group awards top management for their service over a three-year period. The scheme is accounted for under IAS 19, via recognition of staff costs and respective liability throughout the period. The individual performance indicators are set on an individual basis and are used to calculate the award amount provided to each employee.

<i>In millions of Uzbekistan Soms</i>	31 December 2024	31 December 2023
Liability at the beginning of the period	6,375	4,410
Remeasurement of PY award	10,867	6,885
Current year award	2,998	4,142
Unwinding for present value discount	(2,383)	(3,146)
Total expense recognized as staff cost during the period	11,482	7,881
Paid amount during the period	(6,248)	(5,916)
Deferred liability at the end of the period	11,609	6,375

18 Derivative financial instruments

The FX risk arises due to the Group's borrowings from its Parent company, which is denominated in US Dollars. As the UZS/USD exchange rate move, the short position in USD might introduce variability to the reporting financial results. The Group uses FX NDF forward contracts when hedging the currency translation risk arising from short position for risk management purposes, (see accounting policy details in Note 3). Derivatives held for risk management purposes include hedges that meet the hedge accounting requirements. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the quantity of the derivative contracts' underlying instrument. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either the market or credit risk.

The carrying value of liabilities and notional amount are as follows on 31 December 2024:

<i>In millions of Uzbekistan Soums</i>	Carrying value liabilities	Notional amount
Derivatives used as fair value hedges		
Non-deliverable currency forwards	23,370	361,773
Total derivatives used as fair value hedges	23,370	361,773

The carrying value of liabilities and notional amount are as follows on 31 December 2023:

<i>In millions of Uzbekistan Soums</i>	Carrying value liabilities	Notional amount
Derivatives used as fair value hedges		
Non-deliverable currency forwards and foreign exchange swaps	1,051	148,065
Total derivatives used as fair value hedges	1,051	148,065

The table below sets out fair values, at the end of the reporting period, of currencies receivable or payable under foreign exchange forward and swap contracts entered into by the Group. The table reflects gross positions before the netting of any counterparty positions (and payments) and covers the contracts with settlement dates after the end of the respective reporting period. The contracts are short term in nature:

<i>In million of Uzbekistan Soums</i>	31 December 2024		31 December 2023	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Cross-currency SWAPS				
UZS receivable on settlement (+)	-	403,892	-	156,952
USD payable on settlement (+)	-	(427,262)	-	(158,003)
Net fair value of swaps	-	(23,370)	-	(1,051)

Foreign exchange derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms.

Fair value hedges. The Group received USD loans for USD 28 million from its parent company (TBC Group PLC) and converted them to UZS for local lending purposes. This transaction exposes the Group to foreign exchange risk due to the mismatch between the functional currency (UZS) and the loan currency (USD). To mitigate this risk, the Group entered into a series of back-to-back loan non-deliverable forward (NDF) agreements with JSC TBC Bank (Georgia). These NDF function as derivatives under IFRS 9.

Hedging Instrument – NDF. Hedging instrument contract in its entirety is USD/UZS NDF to be concluded by the TBC UZ with TBC Bank JSC (Georgia) within ISDA/CSA framework at the following terms:

18 Derivative financial instruments (Continued)

NDF 1:

- Start dates: 14 February 2024 and 15 February 2024;
- Tenor: until 18 February 2025;
- Two USD 5 million NDFs (USD receive leg) / with UZS 144,080 million in total (UZS pay leg), with respective exchanges of net amount receivable or payable at maturity of the NDF;
- Forward USD/UZS exchange rate is set at 14,408 compared to spot rates of 12,455 and 12,474 respectively (as per Central Bank of Uzbekistan's fixing as of 14 February 2024 and 15 February 2025 respectively), the difference representing forward points in amount of UZS 19,432 million;
- Counterparty (TBC Bank JSC (Georgia)) credit rating (Fitch): BB;
- 10% of the notional amount is placed by TBC UZ in TBC Bank JSC (Georgia) as collateral.

NDF 2:

- Start dates: 25 April 2024 and 26 April 2024;
- Tenor: until 28 April 2025;
- Two USD 4.5 million NDFs (USD receive leg) / UZS 130,212 million in total (UZS pay leg), with respective exchanges of net amount receivable or payable at maturity of the NDF;
- Forward USD/UZS exchange rate is set at 14,468 compared to spot rates of 12,705 and 12,681 respectively (as per Central Bank of Uzbekistan's fixing as of 25 April 2024 and 26 April 2025 respectively), the difference representing forward points in amount of UZS 15,971 million;
- Counterparty (TBC Bank JSC (Georgia)) credit rating (Fitch): BB;
- 10% of the notional amount is placed by TBC UZ in TBC Bank JSC (Georgia) as collateral.

NDF 3:

- Start date: 2 May 2024;
- Tenor: until 5 May 2025;
- USD 9 million NDF (USD receive leg) / UZS 129,600 million in total (UZS pay leg), with respective exchanges of net amount receivable or payable at maturity of the NDF;
- Forward USD/UZS exchange rate is set at 14,400 compared to spot rate of 12,618 (as per Central Bank of Uzbekistan's fixing as of 2 May 2024), the difference representing forward points in amount of UZS 15,971 million;
- Counterparty (TBC Bank JSC (Georgia)) credit rating (Fitch): BB;
- 10% of the notional amount is placed by TBC UZ in TBC Bank JSC (Georgia) as collateral.

The hedging instruments are subject to replacement with a similar instrument as part of Group's rollover strategy.

19 Share Capital

<i>In millions of Uzbekistan Soums except for number of shares</i>	Number of outstanding shares	Ordinary shares	Share premium	Total
At 1 January 2023	771,707,788	771,708	75,787	847,495
New shares issued	518,354,972	518,355	77,375	595,730
At 31 December 2023	1,290,062,760	1,290,063	153,162	1,443,225
New shares issued	830,402,128	830,402	123,954	954,356
At 31 December 2024	2,120,464,888	2,120,465	277,116	2,397,581

The total authorized number of ordinary shares is 2,120,464,888 shares (2023: 1,290,062,760), with a par value of UZS 1,000 per share (2023: UZS 1,000 per share). All ordinary shares are fully issued and paid. On 27 June 2024, 3 March 2024 and 25 December 2024, the Group issued 127,712,785, 290,919,174 and 411,770,169 new shares respectively to current shareholders with nominal value UZS 1,000 per share. Additional shares issued to finance Group's banking operations expansion. As a result of share issuance TBCG increased its holdings 60.18% to 67.92%.

Share premium represents the excess of contributions received over the nominal value of shares issued: 1,149.27 UZS per share, with 149.27 UZS premium per share.

20 Interest Income and Expense

<i>In millions of Uzbekistan Soums</i>	2024	2023
Interest income calculated using the effective interest method		
Loans and advances to customers	2,297,516	1,012,452
Debt securities at AC	68,929	34,317
Due from other banks	47,420	30,972
Total interest income calculated using the effective interest method	2,413,865	1,077,741
Other similar income		
Finance lease receivables	163,118	57,520
Total other similar income	163,118	57,520
Total interest income	2,576,983	1,135,261
Interest expense on financial liabilities calculated using the effective interest method		
Customer accounts	789,952	483,263
Other borrowed funds	258,992	29,001
Due to other banks	32,822	2,011
Debt securities in issue	895	-
Total interest expense on financial liabilities calculated using the effective interest method	1,082,661	514,275
Other similar expense		
Interest loss on currency swaps	58,757	432
Lease liabilities	4,812	3,896
Total other similar expense	63,569	4,328
Total interest expense	1,146,230	518,603
Net interest income	1,430,753	616,658

21 Fee and Commission Income and Expense

Retail banking	2024	2023
<i>In millions of Uzbekistan Soums</i>		
<i>Fee and commission income not relating to financial instruments at FVTPL:</i>		
P2P transactions	189,530	108,117
Agency fees from insurance services	28,757	-
Bill and service payments	28,676	-
Plastic cards	7,190	2,754
Other	2,941	409
Total fee and commission income	257,094	111,280
<i>Fee and commission expense not relating to financial instruments at FVTPL:</i>		
P2P transactions	150,098	84,070
Plastic cards	16,131	6,302
Other	13,292	403
Total fee and commission expense	179,521	90,775
Net fee and commission expense	77,573	20,505

22 Administrative and Other Operating Expenses

<i>In millions of Uzbekistan Soms</i>	2024	2023
Staff costs	248,915	134,640
Advertising costs	121,545	68,219
Subscription expenses	129,890	39,161
Scoring	126,247	40,776
Depreciation and amortization expenses	36,322	26,017
Membership fees	35,854	21,829
Professional services	36,814	13,782
Communication expenses	29,198	6,548
Depreciation of right of use assets	9,259	8,400
Representation expenses	8,853	7,263
Repairs and maintenance	6,165	1,949
Office supplies	4,884	3,294
Rent expenses	4,882	2,851
Taxes other than income tax	2,976	4,943
Business trip and travel expenses	2,773	1,636
Insurance	1,440	317
Plastic cards expenses	506	2,011
Charity and sponsorship	438	396
Fuel	396	187
Security service costs	139	597
Utilities	164	204
Other	4,778	2,669
Total administrative and other operating expenses	812,438	387,689

Staff costs include mandatory social contributions in the amount of UZS 19,896 million (2023: UZS 11,759 million), contribution to the statutory pension scheme in the amount of UZS 162 million (2023: UZS 89 million) and deferred management remuneration provided to the Group's personnel in the amount of UZS 11,483 million (2023: UZS 7,880 millions). Included in professional services are audit services of UZS 1,991 million (2023: UZS 1,799 million), including the audits of the Bank and the subsidiary.

23 Income Taxes**Components of income tax expense**

The income tax credit recorded in profit or loss for the period comprises the following:

<i>In millions of Uzbekistan Soms</i>	2024	2023
Current income tax	60,178	-
Deferred tax	21,723	25,694
Total income tax charge for the year	81,901	25,694

Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The Group measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Republic of Uzbekistan where the Group operate, which may differ from IFRS. The income tax rate applicable to the Bank's 2024 income is 20% (2023: 20%). The income tax rate applicable to the Subsidiary's 2024 income is 15% (2023: 15%).

A reconciliation between the expected and the actual taxation charge is provided below.

<i>In millions of Uzbekistan Soms</i>	2024	2023
Profit before tax	337,966	94,285
Theoretical tax credit at the applicable statutory rate – 20%	67,593	18,857
– Income which is exempt from taxation	(13,786)	(6,923)
– Non-deductible expenses	28,013	13,904
Effect of different tax rate applicable to Subsidiary	81	(144)
Income tax charge for the year	81,901	25,694

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes. Non-taxable income represents income from investments in debt securities of Central Bank of the Republic of Uzbekistan and government bonds.

The increase in the Group's non-deductible expenses is due to the increase in loans and advances to customers, since 20% of the Group's reserve for credit losses is not deductible for tax purposes.

23 Income Taxes (Continued)**Deferred taxes analyzed by type of temporary difference**

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 consolidated financial statements and their tax base. The tax effect of movements in these temporary differences is detailed below and recognized at 20% rate.

<i>In millions of Uzbekistan Soums</i>	31 December 2023	(Charged)/ credited to profit or loss	31 December 2022
Tax effect of deductible temporary differences:			
Tax loss carry forwards	-	(39,365)	39,365
Bonus and salary accrual	6,762	1,155	5,607
Liabilities IFRS 16	11,000	6,411	4,589
Finance lease receivables	7,510	5,054	2,456
Premises and equipment	310	(90)	400
Investment securities held to maturity	384	383	1
Loans and advances	2,296	16,352	(14,056)
Right-of-use Assets	(11,314)	(7,402)	(3,912)
Other assets	3,061	4,705	(1,644)
Cash and cash equivalents	(1,177)	(1,178)	1
Other borrowed funds	(4,085)	(3,431)	(654)
Customer accounts	(2,014)	(2,014)	-
Debt securities in issue	(491)	(491)	-
Net deferred tax asset	12,242	(19,911)	32,153
Total deferred tax asset	31,324	(21,095)	52,419
Total deferred tax liability	(19,082)	1,184	(20,266)
Net deferred tax asset	12,242	(19,911)	32,153

<i>In millions of Uzbekistan Soums</i>	31 December 2023	(Charged)/ credited to profit or loss	31 December 2022
Tax effect of deductible temporary differences:			
Tax loss carry forwards	39,365	(17,297)	56,662
Bonus and salary accrual	5,607	1,221	4,386
Liabilities IFRS 16	4,589	(2,140)	6,729
Finance lease receivables	2,456	1,893	563
Premises and equipment	400	119	281
Investment securities held to maturity	1	-	1
Loans and advances	(14,056)	(9,549)	(4,507)
Right-of-use Assets	(3,912)	2,241	(6,153)
Other assets	(1,644)	(1,527)	(117)
Cash and cash equivalents	1	-	1
Other borrowed funds	(654)	(654)	-
Net deferred tax asset	32,153	(25,693)	57,846
Total deferred tax asset	52,419	(16,204)	68,623
Total deferred tax liability	(20,266)	(9,489)	(10,777)
Net deferred tax asset	32,153	(25,693)	57,846

24 Contingencies

Loan commitments. Loan commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability. For contracts that include both a loan and an undrawn commitment and where the Group cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn

24 Contingencies (Continued)

commitment is recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognised as a liability.

As of 31 December 2024, outstanding credit card-related commitments totaled UZS 226,000 million (31 December 2023: nil), with an assessed Expected Credit Loss of UZS 1,096 million. Given the immateriality of the amount, management opted not to post the provision. The credit quality of these commitments, based on credit risk grades at 31 December 2024 is assessed as 'excellent'.

Tax contingencies. Tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decision about review was made. Under certain circumstances reviews may cover longer periods.

The transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. The Management has implemented internal controls to be in compliance with this transfer pricing legislation.

Compliance with covenants. The Group is subject to certain covenants primarily relating to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. Management believes that the Group was in compliance with covenants at 31 December 2024 and 31 December 2023.

25 Financial Risk Management

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

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

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

Credit risk management. Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Limits. In order to ensure high-quality formation of the loan portfolio and prevent the concentration of risks, the Group introduces the restrictions on lending and sets the economic standards as follows:

- The maximum amount of risk per a borrower or group of related borrowers (including loans, guarantees, uncovered funds and guarantees, letters of credit with defined payment, factoring and leasing operations, off-balance sheet liabilities and accrued interest) shall not exceed 25% of the Bank's tier I capital at the time of issuing the loan, subject to availability of collateral;
- The maximum amount of risk per a borrower or group of related borrowers for blank (trust) loans shall not exceed 5% of the Bank's tier I capital.
- The total amount of all loans granted by the Bank to all related parties shall not exceed 10% of the Bank's tier I capital.
- The total amount of all major Bank's loans (with size of 3% or more versus the Bank's tier I capital) shall not exceed 100% of the Bank's tier I capital.

25 Financial Risk Management (Continued)

Credit Approval. The Group established a credit committee that is responsible for approving all scoring card rules and other models in the "Automated decision-making system and Automated verification system" systems, including changes in the credit product processes.

Decision-making, scoring, and verification procedures - Decision-making on the loan is performed with using software (Systems): Automated Verification System (further - AVS) and Automated Decision-Making System (ADMS).

AVS compares and collates of available images of the client's (potential client's) face and his/her data (details of documents and other data) with information, images and data available in Databases (obtained from state databases and available in the Group).

The AVS is capable to verify the client by establishing the similarity (partial and complete match of data) of the entered data (photos, details, information, etc.) with those available in the Group's Databases.

Credit risk grading system. Depending on the type of financial asset the Group may utilize different sources of asset credit quality information including credit ratings assigned by the international rating agencies (Standard & Poor's, Fitch), credit scoring information from credit bureau and internally developed credit ratings. Financial assets are classified in an internally developed credit quality grades by taking into account the internal and external credit quality information in combination with other indicators specific to the particular exposure (e.g. delinquency). The Group defines following credit quality grades:

Master scale credit risk grade	Risk	Corresponding PD interval
Excellent	Very low risk	0.01% – 2.99%
Good	Low risk	0.01% – 2.99%
Satisfactory	Moderate risk	3.00% – 32.79%
Special monitoring	High risk	32.79% – 99.9%
Default	Default	100%

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- *Very low risk* – exposures demonstrate strong ability to meet financial obligations;
- *Low risk* – exposures demonstrate adequate ability to meet financial obligations;
- *Moderate risk* – exposures demonstrate satisfactory ability to meet financial obligations;
- *High risk* – exposures that require closer monitoring, and
- *Default* – exposures in default, with observed credit impairment.

The rating models are regularly reviewed by the Credit Risk Department, back tested on actual default data and updated, if necessary. Despite the method used, the Group regularly validates the accuracy of ratings estimates and appraises the predictive power of the models.

Expected credit loss (ECL) measurement. ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest. PD is an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's *lifetime period*. The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any. As a matter of exception from determining the lifetime exposure based on contractual maturity based on internal statistics.

Management models *Lifetime ECL*, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL*, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

25 Financial Risk Management (Continued)

The ECLs that are estimated by management for the purposes of these consolidated financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward looking information*, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

For purposes of measuring PD, the Group defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is past due on and more than 90 days its contractual payments;
- the Group has sold the borrower's debt or its portion at a loss due to credit deterioration;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikelihood-to-pay criteria listed below:
 - the Group was forced to restructure the debt;
 - the borrower is deceased;
 - the borrower is insolvent;
 - the borrower is in breach of financial covenant(s);
 - it is becoming likely that the borrower will enter bankruptcy; and
 - the loans were purchased or originated at a deep discount that reflects the incurred credit losses.

For purposes of disclosure, the Group fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Group.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on a portfolio basis. For loans issued to individuals and other financial assets, SICR is assessed either on a portfolio basis or an individual basis, depending on the existence of scoring models. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Bank's Risk Management Department. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted. The Group decided not to use the low credit risk assessment exemption for investment grade financial assets. Hence, even assets of an investment grade are assessed whether there has been a SICR.

The Group considers a financial instrument to have experienced an SICR when one or more of the following quantitative, qualitative or backstop criteria have been met. The Group uses both quantitative and qualitative indicators of SICR.

Quantitative criteria. On a quantitative basis the Group assess change in probability of default parameter for each particular exposure since initial recognition and compares it to the predefined threshold. When absolute change in probability of default exceeds the applicable threshold, SICR is deemed to have occurred, and exposure is transferred to Stage 2. Quantitative indicator of SICR is applied to consumer loans segment, where the Group has sufficient number of observations.

Qualitative criteria. Financial asset is transferred to Stage 2 and lifetime ECLs is measured if at least one of the following SICR qualitative criteria is observed:

- delinquency period of more than 30 days on contractual repayments;
- exposure is restructured, but is not credit impaired;
- borrower is classified as "watch".

The Group has not rebutted the presumption that there has been a significant increase in credit risk since origination when financial asset becomes more than 30 days past due. This qualitative indicator of SICR together with debt restructuring is applied to all segments. Particularly for corporate and SME segment, the Group uses downgrade of risk category since origination of the financial instrument as a qualitative indicator of SICR. Based on the results of the monitoring borrowers are classified across different risk categories. In case there are certain weaknesses present, which if materialized may lead to loan repayment problems, borrowers are classified as "watch" category. Although watch borrowers' financial standing is sufficient to repay obligations, these borrowers are closely monitored and specific actions are undertaken to mitigate potential weaknesses. Once the borrower is classified as "watch" category it is transferred to Stage 2. If any of the SICR indicators described above occur financial instrument is transferred to Stage 2. Financial asset may be moved back to Stage 1, if SICR indicators are no longer observed.

25 Financial Risk Management (Continued)

The level of ECL that is recognized in these consolidated financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs.

If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognize interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed.

ECL for POCL financial assets is always measured on a lifetime basis. The Group therefore only recognizes the cumulative changes in lifetime expected credit losses.

The Group has three approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: internal ratings are estimated on an individual basis but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio; and (iii) assessment based on external ratings. The Group performs an assessment on a portfolio basis for the following types of loans: consumer loans, when no borrower-specific information is available. This approach stratifies the loan pool into homogeneous segments based on borrower-specific information, such as delinquency status, the historical data on losses, location and other predictive information.

The Group also performs an assessment on a portfolio basis for loans issued to corporate customers (standard lending, specialized lending, loans to leasing companies, etc.), intergroup loans, retail loans and loans issued to SMEs.

The Group performs assessments based on external ratings for intergroup loans, debt securities issued by banks and certain blue chip corporate customers, loans issued to sovereigns and loans issued to SMEs.

ECL assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. The Group defines at least two possible outcomes for each assessed loan, one of which leads to a credit loss even if the probability of such a scenario may be very low. Individual assessment is primarily based on the expert judgement of experienced officers from the Credit Risk and Non-Performing Loan Management Department. Expert judgements are regularly tested to decrease the difference between estimates and actual losses.

When assessment is performed on a portfolio basis, the Group determines the staging of the exposures and measures the loss allowance on a collective basis. The Group analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a Group have homogeneous or similar risks. The key shared credit characteristics considered are: type of customer (such as wholesale or retail), product type, credit risk rating, date of initial recognition, term to maturity, and the quality of collateral. The different segments also reflect differences in credit risk parameters such as PD and LGD. The appropriateness of Baking's is monitored and reviewed on a periodic basis by the Risk Management Department.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future 12-month during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The key principles of calculating the credit risk parameters. The EADs are determined based on the expected payment profile, that varies by product type. EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis for amortizing products and bullet repayment loans. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation.

25 Financial Risk Management (Continued)

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument.

The Group uses statistical approach depending on calculated lifetime PDs, based on the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data and gradual convergence of long-term PD with the long-term default rate.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. The 12-month and lifetime LGDs are determined based on collective portfolio basis on recovery statistics.

The Group calculates LGD based on specific characteristics of the collateral, such as projected collateral values, historical discounts on sales and other factors for loans secured by real estate, cash and liquid securities. LGD is calculated on a collective basis based on the latest available recovery statistics for the remainder of the corporate loan portfolio and for retail secured and unsecured products.

Principles of assessment based on external ratings. Certain exposures have external credit risk ratings, and these are used to estimate credit risk parameters PD and LGD from the default and recovery statistics published by the respective rating agencies. This approach is applied to government and blue-chip corporate bonds exposures.

Forward-looking information incorporated in the ECL models. The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Group uses expert judgment in assessment of forward-looking information. This assessment is based on external and internal information.

The Group has analyzed and documented key drivers of credit risk and credit losses and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. GDP, inflation and unemployment rates were designated as the key factors. However, this analysis did not reveal a significant dependency of the portfolio default rate on any of these macro variables. Hence, the management adopted an alternative approach analyzing internal default data alongside with market default data statistics to develop a forward-looking incorporation.

The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such back testing is performed at least once a year.

The results of back testing the ECL measurement methodology are communicated to Group Management and further steps for tuning models and assumptions are defined after discussions between authorized persons.

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

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The table below summarizes the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

In millions of Uzbekistan Soums	On 31 December 2024			On 31 December 2023		
	Monetary financial assets	Monetary financial liabilities	Net position	Monetary financial assets	Monetary financial liabilities	Net position
UZS	9,259,505	6,888,279	2,371,226	4,214,502	3,062,567	1,151,935
US Dollars	162,272	553,221	(390,949)	242,826	194,192	48,634
Euros	1,200	-	1,200	906	-	906
Total	9,422,977	7,441,500	1,981,477	4,458,234	3,256,759	1,201,475

The US dollar monetary assets net position is determined on a consolidated basis, incorporating the on-balance sheet holdings and the off-balance sheet exposures arising from hedged funds in the amount of 28 million USD.

25 Financial Risk Management (Continued)

In addition, The Group uses financial swaps, specifically currency swaps, to manage its currency risk. Swaps are agreements where two parties exchange cash flows based on predetermined amounts and an underlying index, such as interest rates or currencies.

In these swaps, the Group exchanges a set amount in one currency for an equivalent amount in another. This allows them to manage their exposure to foreign exchange fluctuations (Note 18).

Before entering into any hedging transactions, including swaps, the Group thoroughly assesses its risk profile and obtains necessary approvals. The Asset Liability Committee (ALCO) then monitors the effectiveness of these hedges to ensure they mitigate risk as intended. If a hedge is deemed ineffective, the Group implements new strategies to maintain continuous risk management.

The Group actively monitors its currency positions daily and employs hedging strategies, such as balancing assets and liabilities in specific currencies or using currency swaps, to convert exposures into their desired currency. This approach helps them manage and minimize potential losses due to currency fluctuations.

Derivatives presented above are monetary financial assets or monetary financial liabilities but are presented separately in order to show the Group's gross exposure.

Amounts disclosed in respect of derivatives represent the fair value, at the end of the reporting period, of the respective currency that the Group agreed to buy (positive amount) or sell (negative amount) before netting off positions and payments with the counterparty. The net total represents the fair value of the currency derivatives. The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant:

<i>In millions of Uzbekistan Soums</i>	On 31 December 2024 Impact on profit or loss	On 31 December 2023 Impact on profit or loss
US Dollars strengthening by 10%	(39,095)	4,863
US Dollars weakening by 10%	39,095	(4,863)
Euro strengthening by 10%	(120)	91
Euro weakening by 10%	120	(91)

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

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

<i>In millions of Uzbekistan Soums</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Total
31 December 2024					
Total financial assets	1,187,463	687,423	1,247,097	6,198,774	9,320,757
Total financial liabilities	984,079	921,751	1,463,746	4,071,924	7,441,500
Net interest sensitivity gap as of 31 December 2024	203,384	(234,328)	(216,549)	2,126,850	1,879,257
31 December 2023					
Total financial assets	598,015	1,018,081	754,527	1,912,411	4,283,034
Total financial liabilities	389,521	1,071,864	347,707	1,447,666	3,256,759
Net interest sensitivity gap as of 31 December 2023	208,494	(53,783)	406,820	464,745	1,026,275

25 Financial Risk Management (Continued)

The risk of changes in interest rate arises from the possibility that changes interest rates will affect future cash flows or the fair value of financial instruments. The Group believes that the impact is insignificant due to the fact that all financial assets and liabilities have fixed interest rates.

The Group monitors interest rates for its financial instruments. The table below summarizes interest rates at the respective reporting date based on reports reviewed by key management personnel. For securities, the interest rates represent yields to maturity based on market quotations at the reporting date:

In % p.a.	2024				2023			
	UZS	USD	Euro	Other	UZS	USD	Euro	Other
Assets								
Cash and cash equivalents	0-13.5%	0	0	0	0-14%	0	0	0
Investments in debt securities	15.85-17%	-	-	-	15.85-17%	-	-	-
Due from other banks	0%	-	-	-	0%	-	-	-
Loans and advances to customers	20-49%	-	-	-	29-49%	-	-	-
Liabilities								
Due to other banks	18-22%	-	-	-	19-20%	-	-	-
Customer accounts								
- current and settlement accounts	0-18%	0	0	0	0-18%	0	0	0
- term deposits	19-27.25%	5.5-6.5%	-	-	19-27.25%	5.5-6.5%	-	-
Other borrowed funds	18.96-25%	8.25-9.5%	-	-	18.96-25%	9%	-	-
Lease liabilities	18-23%	-	-	-	18%	-	-	-
Derivatives	13.5-14%	5-5.5%	-	-	13.5-14%	5-5.5%	-	-
Debt securities in issue	24%	-	-	-	-	-	-	-

The sign "-" in the table above means that the Group does not have the respective assets or liabilities in the corresponding currency.

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

In millions of Uzbekistan Soums	Uzbekistan	OECD	Total
Assets			
Cash and cash equivalents	901,862	7,099	908,961
Due from other banks	102,220	-	102,220
Loans and advances to customers, including finance lease receivables	7,699,188	-	7,699,188
Investment in debt securities	712,608	-	712,608
Total financial assets	9,415,878	7,099	9,422,977
Liabilities			
Due to other banks	333,250	-	333,250
Customer accounts	4,979,980	-	4,979,980
Other borrowed funds	-	1,932,763	1,932,763
Derivative financial instruments	-	23,370	23,370
Lease liabilities	55,124	-	55,124
Other financial liabilities	117,013	-	117,013
Total financial liabilities	5,485,367	1,956,133	7,441,500
Net balance sheet position as 31 December 2024	3,9930,511	(1,949,034)	1,981,477

Assets, liabilities and credit related commitments have generally been based on the country in which the counterparty is located. Balances with Uzbekistan counterparties actually outstanding to/from offshore companies of these Uzbekistan counterparties, are allocated to the caption "Uzbekistan". Cash on hand have been allocated based on the country in which they are physically held. The geographical concentration of the Group's financial assets and liabilities at 31 December 2023 is set out below:

25 Financial Risk Management (Continued)

<i>In millions of Uzbekistan Soums</i>	Uzbekistan	OECD	Total
Assets			
Cash and cash equivalents	292,095	69,686	361,781
Due from other banks	27,135	-	27,135
Loans and advances to customers, including finance lease receivables	3,638,132	-	3,638,132
Investment in debt securities	283,121	-	283,121
Total financial assets	4,240,483	69,686	4,310,169
Liabilities			
Due to other banks	100,223	-	100,223
Customer accounts	2,674,639	-	2,674,639
Other borrowed funds	-	421,563	421,563
Derivative financial instruments	-	1,051	1,051
Lease liabilities	22,944	-	22,944
Other financial liabilities	36,339	-	36,339
Total financial liabilities	2,834,145	422,614	3,256,759
Net balance sheet position as 31 December 2023	1,406,338	(352,928)	1,053,410

Other risk concentrations. Management monitors and discloses concentrations of credit risk by obtaining reports listing exposures to borrowers with aggregated loan balances in excess of 10% of net assets. The Group did not have any such significant risk concentrations at 31 December 2024.

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

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

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

- Instant liquidity ratio (N2), which is calculated as the ratio of highly liquid assets to liabilities payable on demand. The ratio was 207% at 31 December 2024 (2023: 155%);
- Current liquidity ratio (N3), which is calculated as the ratio of liquid assets to liabilities maturing within 30 calendar days. The ratio was 177% at 31 December 2024 (2023: 132%);
- Net stable funding ratio, which is calculated as the amount of Available Stable Funding (ASF) divided by the amount of Required Stable Funding (RSF) over a one-year horizon. The ratio was 123% at 31 December 2024 (2023: 121%).

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

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

The tables below show liabilities at 31 December 2024 and 2023 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows.

25 Financial Risk Management (Continued)

Financial derivatives are included at the contractual amounts to be paid or received, unless the Group expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows.

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturity, except for assets that are readily saleable if it should be necessary to meet cash outflows on financial liabilities. Such financial assets are included in the maturity analysis based on their expected date of disposal. Impaired loans are included at their carrying amounts net of impairment provisions and based on the expected timing of cash inflows.

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

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

<i>In millions of Uzbekistan Soums</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Assets					
Cash and cash equivalents	908,961	-	-	-	908,961
Due from other banks	102,220	-	-	-	102,220
Loans and advances to customers, including finance lease receivables	18,019	341,605	1,140,790	6,198,774	7,699,188
Investment in debt securities	260,483	345,818	106,307	-	712,608
Total financial assets	1,289,683	687,423	1,247,097	6,198,774	9,422,977
Liabilities					
Due to other banks	163,250	80,000	40,000	50,000	333,250
Customer accounts	675,499	702,422	1,389,637	2,212,422	4,979,980
Other borrowed funds	4,947	136,390	30,785	1,760,641	1,932,763
Lease liabilities	-	2,939	3,324	48,861	55,124
<i>Gross settled derivatives:</i>					
- inflows	-	403,892	-	-	403,892
- outflows	-	(427,262)	-	-	(427,262)
Derivative financial instruments	-	23,370	-	-	23,370
Other financial liabilities	114,251	-	-	-	114,251
Total financial liabilities	957,947	945,121	1,463,746	4,071,924	7,438,738
Net liquidity gap	331,736	(257,698)	(216,649)	2,126,850	1,984,239
Cumulative liquidity gap as of 31 December 2024	331,736	74,038	(142,611)	1,984,239	

The Group is subject to certain covenants primarily relating to its other borrowed funds. Non-compliance with such covenants may result in negative consequences for the Group. Management believes that the Group was in compliance with covenants at 31 December 2024 and 31 December 2023.

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

<i>In millions of Uzbekistan Soums</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Assets					
Cash and cash equivalents	361,781	-	-	-	361,781
Due from other banks	27,135	-	-	-	27,135
Loans and advances to customers, including finance lease receivables	236,234	734,959	754,527	1,912,412	3,638,132
Investment in debt securities	-	283,122	-	-	283,121
Total financial assets	625,150	1,018,081	754,527	1,912,412	4,310,170

25 Financial Risk Management (Continued)

<i>In millions of Uzbekistan Soums</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Liabilities					
Due to other banks	71,335	31,000	-	-	102,335
Customer accounts	286,360	952,132	403,128	1,474,907	3,116,527
Other borrowed funds	-	202,347	-	278,390	480,737
Lease liabilities	1,266	4,333	5,616	16,824	28,040
<i>Gross settled derivatives:</i>					
- inflows	-	156,952	-	-	156,952
- outflows	-	(158,003)	-	-	(158,003)
Net settled swaps	-	1,051	-	-	1,051
Other financial liabilities	36,339	-	-	-	36,339
Total financial liabilities	395,300	1,190,863	408,744	1,770,121	3,765,030
Net liquidity gap	229,848	(172,782)	345,782	142,290	545,139
Cumulative liquidity gap as of 31 December 2023	229,848	57,066	402,848	545,138	

The Group does not use the above maturity analysis based on undiscounted contractual maturities of liabilities to manage liquidity. Instead, the Group monitors expected maturities and the resulting expected liquidity gap on 31 December 2024 as follows:

<i>In millions of Uzbekistan Soums</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Assets					
Cash and cash equivalents	908,961	-	-	-	908,961
Due from other banks	102,220	-	-	-	102,220
Loans and advances to customers, including finance lease receivables	18,019	341,605	1,140,790	6,198,774	7,699,188
Investment in debt securities	260,483	345,818	106,307	-	712,608
Total financial assets	1,289,683	687,423	1,247,097	6,198,774	9,422,977
Liabilities					
Due to other banks	165,835	82,667	40,000	50,000	338,502
Customer accounts	688,559	783,903	1,631,434	2,725,704	5,829,600
Other borrowed funds	5,986	149,320	37,250	2,077,556	2,270,112
Lease liabilities	825	6,949	8,260	97,660	113,694
<i>Gross settled derivatives:</i>					
- inflows	-	403,892	-	-	403,892
- outflows	-	(427,262)	-	-	(427,262)
Net settled swaps	-	23,370	-	-	23,370
Other financial liabilities	114,251	-	-	-	114,251
Total financial liabilities	975,456	1,046,209	1,716,944	4,950,920	8,689,529
Net liquidity gap	314,227	(358,786)	(469,847)	1,247,854	733,448
Cumulative liquidity gap as of 31 December 2024	314,227	(44,559)	(514,406)	733,448	

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

<i>In millions of Uzbekistan Soums</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Assets					
Cash and cash equivalents	361,781	-	-	-	361,781
Due from other banks	27,135	-	-	-	27,134
Loans and advances to customers, including finance lease receivables	236,234	734,959	754,527	1,912,412	3,638,132
Investment in debt securities	-	283,122	-	-	283,122
Total financial assets	625,150	1,018,081	754,527	1,912,412	4,310,169

25 Financial Risk Management (Continued)

<i>In millions of Uzbekistan Soms</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Liabilities					
Due to other banks	71,335	31,000	-	-	102,335
Customer accounts	286,360	952,132	403,128	1,474,907	3,116,527
Other borrowed funds	-	202,347	-	278,390	480,737
Lease liabilities	1,267	4,333	5,616	16,824	28,040
<i>Gross settled derivatives:</i>					
- inflows	-	(156,952)	-	-	(156,952)
- outflows	-	158,003	-	-	158,003
Net settled swaps	-	1,051	-	-	1,051
Other financial liabilities	36,339	-	-	-	36,339
Total financial liabilities	395,301	1,190,863	408,744	1,770,121	3,765,030
Net liquidity gap	229,849	(172,782)	345,783	142,291	545,140
Cumulative liquidity gap as of 31 December 2023	229,848	57,067	402,850	545,141	

The entire portfolio of trading securities is classified within demand and less than one month based on management's assessment of the portfolio's realizability.

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

Management believes that in spite of a substantial portion of customer accounts being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Group would indicate that these customer accounts provide a long-term and stable source of funding for the Group.

Climate-related risk. The Group and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behavior and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

Management believes that it is currently not possible to explicitly incorporate climate risk factors in the Group's risk framework, including ECL measurement. Existing scenarios, forecasts, and estimates are covering only the long-term horizon well beyond the maturity of the existing portfolios. Such scenarios are also high-level, and attribution to specific borrowers without additional data would be highly arbitrary. To address the information gap for detailed, borrower-specific data, the Group is collecting information to perform a robust assessment of the risks specific of its borrowers. The Group is planning to enhance its credit risk scoring models to incorporate such information in the PD and LGD measurement in the future.

26 Management of Capital

In the management of capital, the Group has the following objectives: compliance with capital requirements established by the CBU and 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. Compliance with the capital adequacy ratio established by the CBU is monitored monthly according to the forecast and actual data containing the relevant calculations, which are verified and vetted by the Group'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 following requirements are set for banks:

26 Management of Capital (Continued)

- The minimum level of K1 is set at 13%.
- Banks are required to ensure a minimum level of K2 of 10%, taking into account the capital conservation buffer of 3% of risk-weighted assets.

According to the supplement dated 19 July 2023 No. 2693-11 of Uzbekistan regulation, the requirement is set for existing banks to increase the minimum share capital to UZS 100 billion by September 1, 2023, to UZS 200 billion by April 1, 2024, to UZS 350 billion by January 1, 2025, and to UZS 500 billion from January 1, 2025.

As at 31 December 2024 and 31 December 2023, the Group met the requirements to regulatory capital set by the Regulation of the CBU On the Requirements for the Adequacy of the Capital of Commercial Banks № 2693 dated July 6, 2015.

The following table provides an analysis of the Bank's regulatory capital calculated based on the CBU Regulation No. 2693 (unaudited).

<i>In millions of Uzbekistan Soums</i>	31 December 2024 (unaudited)	31 December 2023 (unaudited)
Fully paid shares		1,290,062
Additional paid-in capital	1,708,695	153,162
Accumulated income(loss)	215,652	(275,845)
Intangible assets	38,796	(13,367)
Investment in subsidiaries	-	(23,222)
Adjusted Tier I capital	(27,222)	(23,222)
	1,935,921	1,130,790
Adjusted Tier II capital	114,631	65,775
Adjusted total amount of capital based on risk	2,050,552	1,196,565
The amount of on- and off-balance sheet assets, risk-weighted	10,325,621	7,277,452
Operational risk	243,362	48,202
Market risk	66,896	5,378
Adjusted total assets, risk-weighted	10,635,879	7,331,032
<i>Capital adequacy ratios:</i>		
Tier I capital	18.20%	15.97%
Regulatory capital	19.28%	16.87%

27 Fair Value Disclosures

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

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Liabilities at fair value	Level 3	Level 3
<i>Other financial liabilities</i>		
- Forward contracts (NDF)		
- Cross-currency SWAP agreements	23,270	517
Total liabilities recurring fair value measurements	-	534
	23,270	1,051

27 Fair Value Disclosures (Continued)

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows on 31 December 2024:

<i>In millions of Uzbekistan Soms</i>	Fair Value	Valuation technique	Inputs used	Range of inputs	Reasonable change	Sensitivity of fair value measurement
LIABILITIES AT FAIR VALUE						
- Forward contracts (NDF)	23,370	Discounted cash flows ("DCF")	Credit spread	13.5 – 19.5%	± 10 %	± 1,207
Total liabilities recurring fair value measurements	23,370					

On 31 December 2023, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows on 31 December 2023:

<i>In millions of Uzbekistan Soms</i>	Fair Value	Valuation technique	Inputs used	Range of inputs	Reasonable change	Sensitivity of fair value measurement
LIABILITIES AT FAIR VALUE						
Other financial liabilities						
- Cross-currency SWAP agreements	534	Discounted cash flows ("DCF")	Credit spread	17.9%	± 10 %	± 417
- Forward contracts (NDF)	517	Discounted cash flows ("DCF")	Credit spread	16.0 – 19.5%	± 10 %	± 278
Total liabilities recurring fair value measurements	1,051					

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed:

Fair values analyzed by level in the fair value hierarchy not measured at fair value are as follows on 31 December 2024:

<i>In millions of Uzbekistan Soms</i>	31 December 2024		
	Level 2	Level 3	Total
Cash and cash equivalents			
- Cash balances with the CBU	892,581	-	892,581
- Correspondent accounts and overnight placements with other banks	16,380	-	16,380
Due from other banks			
- Mandatory reserve deposit held with CBU against assets impairment	64,602	-	64,602
- Restricted cash	37,618	-	37,618
Loans to individuals			
- Consumer loans	-	6,798,444	6,798,444
- Finance lease	-	825,261	825,261
- Credit cards	-	49,880	49,880
- Car loans	-	25,603	25,603
Investment in debt securities			
- Government Bonds	553,835	-	553,835
- CBU Bonds	158,773	-	158,773
TOTAL FINANCIAL ASSETS	1,723,789	7,699,188	9,422,977
Customer accounts			
- Term deposits of individuals	-	4,016,938	4,016,938
- Current/demand accounts of individuals	508,602	-	508,602
- Term deposits of other legal entities	-	316,309	316,309
- Current/settlement accounts of other legal entities	-	138,309	138,131
Other financial liabilities			
- Other borrowed funds	-	1,932,763	1,932,763
- Other financial liabilities	-	140,383	140,383
Due to other banks			
-	-	333,250	333,250
TOTAL FINANCIAL LIABILITIES	508,602	6,877,774	7,386,376

27 Fair Value Disclosures (Continued)

Fair values analyzed by level in the fair value hierarchy not measured at fair value are as follows on 31 December 2023:

<i>In millions of Uzbekistan Soums</i>	31 December 2023		
	Level 2	Level 3	Total
Cash and cash equivalents			
- Cash balances with the CBU	289,440	-	289,440
- Correspondent accounts and overnight placements with other banks	72,340	-	72,340
Due from other banks			
- Mandatory reserve deposit held with CBU against assets impairment	20,966	-	20,966
- Restricted cash	6,169	-	6,169
Loans to individuals			
- Consumer loans	-	3,463,908	3,463,908
- Finance lease	-	133,298	133,298
- Car loans	-	40,926	40,926
Investment in debt securities			
- Government Bonds	49,145	-	49,145
- CBU Bonds	233,977	-	233,977
TOTAL FINANCIAL ASSETS	672,037	3,638,132	4,310,169
Customer accounts			
- Term deposits of individuals	-	2,343,797	2,343,797
- Current/demand accounts of individuals	236,531	-	236,531
- Term deposits of other legal entities	-	60,936	60,936
- Current/settlement accounts of other legal entities	-	33,375	33,375
Other financial liabilities			
- Other borrowed funds	-	421,563	421,563
- Other financial liabilities*	37,390	-	37,390
Due to other banks*	100,223	-	100,223
TOTAL FINANCIAL LIABILITIES	374,144	2,859,671	3,233,815

Cash and cash equivalents, due from other banks and investment in debt securities. Cash is measured at amortized cost and classified at Level 2. The fair value of these funds is equal to their carrying amount.

Loans issued to customers, customer accounts lease liabilities. Estimated fair value of all loans to customers, customer accounts and lease liabilities is based on estimated future cash flows expected to the received discounted at current interest rate for new instruments with similar credit risk and remaining maturities. These financial instruments are classified by the Group's management as Level 3 in the fair value hierarchy.

Other financial liabilities. Other financial liabilities are measured at amortized cost and classified at Level 2. The fair value of these funds is equal to their carrying amount due to the short term.

28 Related Party Transactions

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can 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. The number of key managements at 31 December 2024 was 7 (2023: 6).

On 31 December 2024, the outstanding balances with related parties were as follows:

<i>In millions of Uzbekistan Soums</i>	Key management personnel	Entities under common control	Immediate parent company	Other related parties
Cash and cash equivalents	-	44,604	-	-
Due from other banks	-	-	-	-
Other assets	-	255,521	-	75
Customer accounts (contractual interest rate -0-27%)	10,723	98,435	-	-
Other borrowed funds	-	86,657	691,481	-
Other liabilities	8,775	34,922	646	-
Cash based compensation	16,575	-	-	-

28 Related Party Transactions (Continued)

On 31 December 2023, the outstanding balances with related parties were as follows:

<i>In millions of Uzbekistan Soums</i>	Key management personnel	Entities under common control	Immediate parent company	Other related parties
Cash and cash equivalents	-	69,686	-	-
Due from other banks	-	6,169	-	-
Other assets	-	1,399	11	-
Customer accounts (contractual interest rate -0-27%)	5,943	32,293	-	-
Other borrowed funds	-	-	185,791	-
Other liabilities	7,308	5,426	-	-
Cash based compensation	6,375	-	-	-

The income and expense items with related parties for 2024 were as follows:

<i>In millions of Uzbekistan Soums</i>	Key management personnel	Entities under common control	Immediate parent company	Other related parties
Payroll and related expenses	31,668	-	-	-
Social security contributions	3,800	-	-	-
Interest income	-	2,053	-	-
Interest expense	2,494	71,187	60,471	-
Fee and commission income	-	15,763	-	-
Fee and commission expense	-	342,515	-	-
Administrative and other operating expenses	-	9,993	-	1,758
Net gain/loss from trading in foreign currencies	-	10,420	954	-

The income and expense items with related parties for 2023 were as follows:

<i>In millions of Uzbekistan Soums</i>	Key management personnel	Entities under common control	Immediate parent company	Other related parties
Payroll and related expenses	24,388	-	-	-
Social security contributions	2,439	-	-	-
Interest income	-	107	-	-
Interest expense	1,595	1,267	1,882	-
Fee and commission income	-	82,194	-	-
Fee and commission expense	-	761	-	-
Administrative and other operating expenses	-	45,342	-	-

29 Events after the End of the Reporting Period

Subsidiaries

On 7 March 2025 National Agency of Perspective Projects has issued a license to JSC "TBC Sug'urta" for carrying business in life insurance, health and illness insurance, accident insurance and medical insurance. As of April 2025, JSC "TBC Sug'urta" has started providing insurance services.

On 3 March 2025 Central Bank of Uzbekistan has issued a license to "Barakala Microfinance" LLC for carrying business in the field of microfinance. As of March 2025, "Barakala Microfinance" LLC has yet to start providing microfinance services.

Loans to customers

In Q1 2025 Joint Stock Commercial TBC Bank has launched new product line aimed at issuing loans for establishment or for support of small business legal entities.

Other borrowed funds

In Q1 2025 the Group utilised additional 5 tranches from uncommitted part of the credit lines dated Apr-2024 with Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V., dated Nov-2024 with The European Bank for Reconstruction and Development, dated Dec-2023 with the Responsibility Global

29 Events after the End of the Reporting Period (continued)

Climate Partnership Fund in total amount of USD 35 million and new agreements with the BlueOrchard Microfinance Fund and Global Gender Smart Fund S.A have been signed in the amount of USD 20 million and USD 5 million respectively.

Additional shares declared

On 10 January 2025, at the General meeting of Shareholders, it was decided to declare to issue additional ordinary shares of Joint Stock Commercial TBC Bank in the number of 1,133,241,101 pieces.

Central Bank of Uzbekistan

On 20 March 2025 the Board of the Central Bank of Uzbekistan decided to increase the key refinancing rate by 0.5 percentage points to 14% per annum, in order to ensure price stability in the economy.

Group holding restructuring

On 28 March 2025 TBCG announced that it has agreed an enhancement of its joint venture arrangements with the European Bank for Reconstruction and Development ("EBRD") and the International Finance Corporation ("IFC") by consolidation of its businesses in Uzbekistan under a single holding company, TBC Digital ("TBC Digital"). TBC Digital is incorporated in Uzbekistan and will manage TBC Group's business in Uzbekistan, which operates as TBC Uzbekistan.

TBC PLC, the EBRD and IFC have agreed a re-organisation of the arrangements under which both the Group and Payme JSC will be 100% owned by TBC Digital. TBCG will own 79.7% of TBC Digital and each of the EBRD and IFC will own approximately 10.15%. The governance arrangements that have previously been in place in respect of TBC UZ will be terminated and largely replicated for TBC Digital. In particular, there will be a new shareholders' agreement between TBC PLC, the EBRD and IFC, which will contain customary board and shareholder reserved matters.

Expected credit losses - Non-adjusting event

In 1Q 2025 the Group recorded a non-recurring impairment charge of UZS 114,426 million (pre-tax) related to a market-wide data integrity issue affecting our borrower income verification processes. A subset of loan applicants had overstated their employment earnings which matched similarly overstated data from the third-party data sources that TBC Uzbekistan, along with other financial institutions, relied upon for income validation. We have since implemented enhanced verification controls and other security protocols to address the situation.

30 Abbreviations

The list of the abbreviations used in these consolidated financial statements is provided below:

Abbreviation	Full name
AC	Amortised Cost
ALCO	Asset Liability Committee
EAD	Exposure at Default
ECL	Expected Credit Loss
EIR	Effective interest rate
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX, Forex	Foreign Currency Exchange
IFRS	International Financial Reporting Standard
LGD	Loss Given Default
PD	Probability of Default
POCI financial assets	Purchased or Originated Credit-Impaired financial assets
ROU asset	Right of use asset
SICR	Significant Increase in Credit Risk
SME	Small and Medium-sized Enterprises
SPPI	Solely Payments of Principal and Interest
SPPI test	Assessment whether the financial instruments' cash flows represent Solely Payments of Principal and Interest