FOREIGN ENTITY «MIKROMOLIYA TASHKILOTI OASISCREDIT» IN THE FORM OF LIMITED LIABILITY MICROFINANCE ORGANIZATION

Financial Statements for the year ended 31 December 2024
and independent auditor's report
(Translated from Russian language)

Content

AO OOO «Grant Thornton»
Республика Узбекистан,
100128, Ташкент,
ул. Абая. 1А
Тел.: +998 (71) 230-45-43
Факс: +998 (71) 244-47-43
Email: audit@uz.gt.com

«Grant Thornton» AO LLC
1A, Abay Str.,
Tashkent, 100128,
Republic of Uzbekistan
Tel.: +998 (71) 230-45-43
Fax: +998 (71) 244-47-43
W: www.grantthornton.uz

Independent auditors' opinion

To the Supervisory Board of
FE «Mikromoliya Tashkiloti OASISCREDIT» LLC MFO

Opinion

We have audited the financial statements of a Foreign Enterprise in the form of a Limited Liability Company "Mikromoliya Tashkiloti OASISCREDIT" MFO (hereinafter referred to as the "Organization"), consisting of a statement of financial position as of 31 December 2024 and a profit and loss statement, and other statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these standards are described further in the section " Auditor's responsibility for auditing consolidated financial statements" of our opinion. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the schedule in the Code of Ethics of Professional Accountants of the International Ethics Standards Board for Accountants (PAIESB Code) and ethical requirements applicable to our audit of the financial statements in the Republic of Uzbekistan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. Other information includes information contained in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not extend to the other information and we will not express any form of assurance and conclusion on that information.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether there are material inconsistencies between the other information and the financial statements, or our knowledge obtained during the audit, and whether the other information contains other possible material distortion.

If, based on the work we have performed, we conclude that such other information contains a material misstatement, we are required to report that fact.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing information relating to going concern, as appropriate, and for reporting on a going concern basis, unless management intends to liquidate the Entity, cease her activities or when it has no real alternative to such activities.

Management and those charged with governance are responsible for overseeing the preparation of the financial statements of the Organization

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 degree of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we do the following:

- identify and assess the risks of material misstatement of financial statements due to fraud or error; design and perform audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement from fraud is greater than the risk of not detecting a material misstatement from an error because fraud may include collusion, forgery, omission, misrepresentation, or circumvention of internal controls;
- Obtain an understanding of the internal control system 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 Organization's internal control system;
- evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures prepared by management;
- conclude on the appropriateness of management's application of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inappropriate, 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 Organization to cease to be able to continue as a going concern;

We communicate with Management and those charged with governance, bringing to their attention, among other things, information about the planned scope and timing of the audit, as well as significant observations on the results of the audit, including significant deficiencies in the internal control system, which we identify during the audit.

General Director **Jamshid Karimov**

Audit Manager **Jakhongir Tulyaganov**

07 July 2025
Tashkent, Uzbekistan

Management's confirmation of responsibility for the preparation and approval of the financial statements for the year ended 31 December 2024

Management is responsible for the preparation of financial statements that fairly reflect in all material respects the financial position of the Foreign Enterprise in the form of Limited Liability Company "Mikromoliya Tashkiloti OASISCREDIT" MFO (hereinafter referred to as the "Organization") as of 31 December 2024, as well as reports profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

• ensuring the correct selection and application of accounting policies;

• presentation of information, incl. accounting policies in a form that ensures that such information is relevant, reliable, comparable and understandable.

• Providing additional disclosures when compliance with IFRS requirements is insufficient to enable users of financial statements to understand the impact that particular transactions, other events or conditions have on the financial position and financial performance of the Organization; And

• assessment of the Organization's ability to continue as a going concern.

Management is also responsible for:

• development, implementation and maintenance of an effective and reliable internal control system in the Organization;

• Maintaining records in a form that allows the Organization's transactions to be disclosed and explained, as well as providing reliable information about the financial position of the Organization at any date and ensuring that the financial statements comply with the requirements of IFRS;

• maintaining accounting records in accordance with the legislation and accounting standards of the Republic of Uzbekistan;

• taking all reasonably possible measures to ensure the safety of the Organization's assets; And

• prevention and detection of fraud and other violations.

The financial statements of the Organization for the year ended 31 December 2024 were approved by the Management of the Organization on behalf of the Organization on __ June 2025.

MIKROMOLIYA TASHKILOTI OASISCREDIT

Guseynov M.A.
General Director

Rustamova F.Y.
Chief Accountant

07 July 2025

(in thousands of UZS)

Statement of financial position

	Notes	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	7	3 966 573	18 520 469
Due from banks		3 007	-
Microcredits	8	88 531 286	49 177 501
Advance payments for income tax		264 091	178 872
Deferred tax asset	18	111 184	85 173
Fixed assets and intangible assets	9	13 131 002	8 088 495
Other assets	10	3 617 309	273 909
Total assets		**109 624 452**	**76 324 419**
Liabilities			
Other borrowings	11	52 845 849	24 540 880
Other liabilities	12	16 433 087	7 657 464
Total liabilities		**69 278 936**	**32 198 344**
Equity			
Authorized capital	13	45 358 669	45 358 669
Accumulated loss		(5 013 153)	(1 232 594)
Total equity		**40 345 516**	**44 126 075**
Total liabilities and equity		**109 624 452**	**76 324 419**

Approved and signed on behalf of the management of the Organization:

O'ZBEKISTON RESPUBLIKASI TOSHKENT SHAHAR MAS'ULIYATI CHEKLANGAN JAMIYAT XORIJIY KORXONA MIKROMOLIYA TASHKILOTI
MIKROMOLIYA TASHKILOTI OASISCREDIT

Guseynov M.A.
General Director

Rustamova F.Y.
Chief Accountant

07 July 2025

(in thousands of UZS)

Statement of profit or loss and other comprehensive income

	Notes	For the year ended 31 December 2024	For the year ended 31 December 2023
Interest income calculated at the effective interest rate	14	30 027 003	14 026 736
Other interest income	14	92 569	-
Interest expense calculated at the effective interest rate	14	(5 485 436)	(714 584)
Other interest expenses	14	(1 448 752)	(655 818)
Net interest income		**23 185 384**	**12 656 334**
Provisioning for credit losses on debt financial assets	7,8	(4 710 436)	(1 649 106)
Net interest income after provision for credit losses		**18 474 948**	**11 007 228**
Commission expenses	15	(1 710 963)	(762 809)
Net income/(expenses) from transactions in foreign currency and from revaluation of foreign currency	16	(3 249 925)	(128 942)
Other operating income		56 802	-
Administrative and other operating expenses	17	(17 373 970)	(8 382 314)
Profit / (loss) before tax		**(3 803 108)**	**1 733 163**
Income tax savings/(expenses)	18	22 549	5 575
Net profit / (loss) for the year		**(3 780 559)**	**1 738 738**

Approved and signed on behalf of the management of the Organization:

Guseynov M.A.
General Director

MIKROMOLIYA TASHKILOTI OASISCREDIT

Rustamova F.Y.
Chief Accountant

07 July 2025

(in thousands of UZS)

Statement of changes in equity

	Authorized capital	Retained earnings / (Accumulated loss)	Total capital
Balance as of 01 January 2023	**12 677 074**	**(2 971 333)**	**9 705 741**
Net profit / (loss) for the year	-	1 738 738	1 738 738
Total income / (loss) for the year	**-**	**1 738 738**	**1 738 738**
Increase the authorized capital	32 681 595	-	32 681 595
Balance as of 31 December 2023	**45 358 669**	**(1 232 594)**	**44 126 075**
Net profit / (loss) for the year	-	(3 780 559)	(3 780 559)
Total income / (loss) for the year	-	**(3 780 559)**	**(3 780 559)**
Balance as of 31 December 2024	**45 358 669**	**(5 013 153)**	**40 345 516**

Approved and signed on behalf of the management of the Organization:

Guseynov M.A.
General Director

Rustamova F.Y.
Chief Accountant

MIKROMOLIYA TASHKILOTI OASISCREDIT

07 July 2025

(in thousands of UZS)

Cash flow statement

	For the year ended 31 December 2024	For the year ended 31 December 2023
Cash flow from operating activities		
Interest received	28 188 885	13 164 645
Interest paid	(5 380 105)	(671 813)
Commissions paid	(1 710 963)	(762 809)
Net income/(expense) received from transactions in foreign currency	(3 249 925)	(128 942)
Other operating income received	56 802	-
Personnel costs	(9 209 519)	(4 481 452)
Administrative and other operating expenses	(9 274 569)	(3 900 862)
Paid income tax	(88 681)	(192 239)
Cash flows from operating activities before changes in operating assets and liabilities	**(668 075)**	**3 026 528**
Net (increase)/decrease in operating assets		
Due from banks	(3 007)	-
Microcredits	(41 408 920)	(43 092 680)
Other assets	(3 457 236)	(316 130)
Net increase/(decrease) in operating liabilities		
Other borrowings	28 304 969	24 540 880
Other liabilities	8 556 533	3 619 964
Net cash flow from operating activities	**(8 675 736)**	**(12 221 438)**
Cash flows from investing activities		
Increase the authorized capital	-	32 681 595
Acquisition of fixed assets and intangible assets	(6 145 773)	(4 127 506)
Net cash flow from investing activities	**(6 145 773)**	**28 554 089**
Impact of changes in exchange rates on cash and cash equivalents	244 003	-
Impact of expected credit losses on cash and cash equivalents	23 610	(52 210)
Net change in cash and cash equivalents	**(14 553 896)**	**16 280 441**
Cash and cash equivalents at the beginning of the reporting period	18 520 469	2 240 028
Cash and cash equivalents at the end of the reporting period	**3 966 573**	**18 520 469**

Balance of cash and cash equivalents at the end of the period less provisions for expected credit losses, see note 7.

Approved and signed on behalf of the management of the Organization:

MIKROMOLIYA TASHKILOTI OASISCREDIT

Guseynov M.A.
General Director

Rustamova F.Y.
Chief Accountant

07 July 2025

The notes on pages 6 to 40 are an integral part of these financial statements.

(in thousands of UZS)

Notes to the financial statements

1 Primary Activity

FE «MIKROMOLIYA TASHKILOTI OASISCREDIT» LLC MFO (hereinafter referred to as the "Organization") was established on 5 October 2021 in the form of a limited liability company.

The organization is registered in the Republic of Uzbekistan to provide microfinance services in accordance with the registration in the register of organizations No. 95 dated 15 August 2022, issued by the Central Bank of the Republic of Uzbekistan (hereinafter referred to as the "CBU").

The main activity of the Organization is the implementation of microcredits, microleasing, issuance of microcredits to legal entities and individuals in the territory of the Republic of Uzbekistan.

As of 31 December 2024, the Organization carries out its microfinance activities through the Head Office and 3 branches in the territory of the Republic of Uzbekistan (as of 31 December 2023: Head Office and 1 branch).

Legal address of the Organization: Republic of Uzbekistan, Tashkent city, Yunusabad district, Oloy Bozori street, house 63.

The total number of employees as of 31 December 2024 was 86 people. (31 December 2023: 58 people).

Members of the Organization:

Shareholders	31 December 2024 Share (%)	31 December 2023 Share (%)
Oasis Invest Uzbekistan Limited	100,0	100,0

2 The economic environment in which the Organization operates

The economy of the Republic of Uzbekistan continues to show some features of an emerging market. The government is developing the legislative, tax and regulatory framework necessary in a market economy, and is also implementing significant economic and social changes. The further economic development of the Republic of Uzbekistan largely depends on the effectiveness of economic measures, financial mechanisms and monetary policy adopted by the Government, as well as the development of the tax, legal and political system.

Operational environment

Operating in an emerging economy such as Uzbekistan involves risks that are less common in more developed markets. These include economic volatility, political and social uncertainty, and evolving legislative frameworks. Actual or perceived instability—whether financial, political, or legal—may adversely affect investor confidence and weaken the overall economic outlook, including that of the microfinance sector.

These financial statements do not reflect the potential future adjustments that may arise from uncertainties in the country's economic or regulatory environment. Should material changes occur, their impact will be recognized in the reporting period in which the outcome becomes probable and can be reliably measured.

Uzbekistan's legal and regulatory systems—including tax, currency control, and customs legislation—are still evolving and may be subject to inconsistent interpretation. This presents challenges in ensuring compliance and creates operational risks for businesses, particularly in regulated sectors such as microfinance. The Company may face difficulties operating in this environment, which could affect its financial and operational performance.

(in thousands of UZS)

The economic environment of the Republic of Uzbekistan is influenced, among other factors, by the prevailing inflation dynamics. In 2024, the annual inflation rate reached 9.8%, compared to 8.8% recorded in 2023.

Gross Domestic Product (GDP) growth remained positive, with an increase of 6.8% in 2024 relative to the previous year, following a 6.0% growth rate in 2023.

In February 2024, Fitch Ratings affirmed the Republic of Uzbekistan's Long-Term Foreign-Currency Issuer Default Rating at "BB-" with a Stable Outlook.

As of 25 July 2024, the Central Bank of Uzbekistan reduced its policy rate from 14.0% to 13.5%.

3 Financial reporting principles

3.1 Applicable standards

The accompanying financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") approved by the International Financial Reporting Standards Board ("IFRS") based on historical cost accounting rules, adjusted for the initial recognition of financial instruments at fair value and at fair value through profit or loss and at fair value through other comprehensive income. The accounting policies used in the preparation of these financial statements are presented below.

The organization maintains records in accordance with the requirements of the current legislation of the Republic of Uzbekistan. These financial statements have been prepared on the basis of these accounting records, with adjustments necessary to bring them into line with IFRS in all material respects.

3.2 Functional and presentation currency

The national currency of the Republic of Uzbekistan is the "Uzbek sum" (hereinafter - UZS). The Uzbek sum has been chosen as the functional currency and the currency in which these financial statements are presented.

All financial statements have been rounded to the nearest thousand.

3.3 Currency operations

Foreign currencies, especially the US dollar and the Euro, play a significant role in determining the economic parameters of many business transactions carried out in the Republic of Uzbekistan. The table below shows the exchange rates of the Uzbek sum against the US dollar and the Euro, set by the Central Bank of the Republic of Uzbekistan:

Date	USD	EURO
31 December 2024	12 920,48	13 436,01
31 December 2023	12 338,77	13 731,82

4 Important estimates and professional judgment

The preparation of financial statements in accordance with IFRS requires management to make judgments, assumptions and estimates that affect the application of accounting policies and the presentation of assets and liabilities, income and expenses in the financial statements. The estimates and associated assumptions are based on historical experience and other applicable factors necessary to determine the carrying amount of assets and liabilities. Although estimates are based on management's best knowledge of the current situation, actual results may ultimately differ materially from the estimates assumed.

The entity makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and assumptions are continually reviewed based on management's experience and other factors, including expectations of future events that management believes are reasonable in the light of current circumstances. In the process of applying accounting policies, management also uses professional judgment and estimates. Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Business continuity

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

Measurement of provision for expected credit losses.

Measuring the provision for expected credit losses for financial assets measured at amortized cost and measured at fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (for example, the probability of counterparty default and resulting losses). A number of significant judgments are also required in applying the accounting requirements for measuring expected credit losses, such as:

- Determination of criteria for a significant increase in credit risk;
- Selection of appropriate models and assumptions for measuring expected credit losses;
- Establishing the number and relative weights of possible future scenarios for each type of product/market and the corresponding expected credit loss; and
- Creation of organizations of similar financial assets for the purpose of measuring expected credit losses.

The credit loss provision for financial instruments is affected by a number of factors, as set out below:

- Transfers and the corresponding measurement of the credit loss provision between Stage 1 (12-month ECL) and Stage 2 (lifetime expected credit losses - not impaired assets) or 3 (lifetime expected credit losses - impaired assets) because the balances experienced a significant increase (or decrease) in credit risk within one Stage or impairment over a period followed by an increase (or decrease) from 12-month ECL to lifetime ECL;
- Creation of additional provisions for newly recognized or purchased financial instruments during the period, as well as their recovery in respect of financial instruments derecognized during the period;
- The impact on ECL estimates of changes in PD, debt at default, and loss if default over the period resulting from regular updates of model inputs;
- The impact on the ECL measurement of changes in contract interest requirements, taking into account the effect of time, as ECL are measured on a current present value basis;
- Financial assets derecognized during the period and write-offs/reversals of provisions relating to assets that were written off/reversed during the period;

- Sale of subsidiaries and classification into discontinued operations and assets held for sale;
- The impact of changes in exchange rates when recalculating assets denominated in foreign currencies and other movements

Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market is determined using a variety of valuation techniques. If valuation techniques (for example, models) are used to determine fair value, they are approved and regularly reviewed by qualified personnel who are independent of the department/unit applying those techniques. All models are certified before they are used; models are also adjusted to reflect actual data and comparable market prices. Models use only observable data to the extent possible, but areas such as credit risk (both own and counterparty risk), volatility and correlation require management to make estimates. Changes in the assumptions about these factors could affect the reported fair value in the financial statements.

5 Transition to new or revised standards and interpretations

The following amendments to the standards became applicable to the Organization beginning January 1, 2024, but did not have a significant impact on the Organization.

Amendments to IFRS 16 – Lease liability in a sale and leaseback

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

Amendments to IAS 1 – Classification of liabilities as current or non-current

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

- What is meant by the right to defer repayment
- That the right to deferment must exist at the end of the reporting period
- That classification does not depend on the likelihood that the entity will exercise its right of deferment
- That only if an embedded derivative in a convertible liability is itself an equity instrument, the terms of the obligation will not affect its classification

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

Supplier Financing Agreements – Amendments to IAS 7 and IFRS 7

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier financing arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the impact of supplier financing arrangements on the Organization's liabilities, cash flows and exposure to liquidity risk.

The application of these amendments did not have a material impact on the financial statements.

(in thousands of UZS)

6 Basic accounting policies

6.1 Standards that have been issued but not yet entered into force

Certain new standards became effective for the Organization's reporting periods beginning on or after 01 January 2024 and were not early adopted by the Organization.

Standards not effective for annual periods ending 31 December 2024	Effective for annual periods on or after
• IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
• Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability	1 January 2025

The Organization expects that the application of the standards listed above will not have a material effect on the Organization's financial statements and financial position in the period of first application.

6.2 Fair value measurement

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 in the principal market or, if not available, the most advantageous market to which the Organization has access in the specified date. The fair value of a liability reflects the risk of default.

To the extent possible, the Entity measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is considered active if quotes are readily available and reflect actual and regular transactions between independent market participants.

In the absence of a current price quotation in an active market, the Entity uses valuation techniques that make maximum use of observable inputs and minimize the use of unobservable inputs. The valuation methods chosen include all factors that market participants would take into account in the circumstances.

The best evidence of the fair value of a financial instrument at initial recognition is usually the transaction price, which is the fair value of the consideration paid or received. If the Entity determines that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced by a current quoted price in an active market for a similar asset or liability and is not based on a valuation technique that uses only observable inputs, the financial instrument is initially measured at fair value. adjusted to defer recognition of any difference between the transaction price and fair value. After initial recognition, this difference is amortized to profit or loss over the life of the instrument, but no later than when the estimate is fully supported by observable inputs or when the transaction is completed.

If the price of a transaction in an inactive market differs from the fair value of current market transactions in an observable market for the same instrument, or is based on a valuation technique whose inputs include only information from observable markets, the Entity recognizes immediately the difference between the transaction price and fair value ("First Day Income") in profit or loss. When non-observable information is used, the difference between the transaction price and the value determined based on the model is recognized in profit or loss only if the input becomes observable or if the financial instrument is derecognized.

6.3 Effective interest rate (discount method)

The discount rate is the effective interest rate, or market rate of interest, at which all future cash flows from a financial instrument are reduced to present value.

Cash flows for financial assets and liabilities are discounted based on future cash flows expected at the actual contractual rate and an appropriate discount factor determined based on the discount rate.

In the event that cash flows on a financial instrument are expected for more than one period (interest income or expenses accrue more than once on certain dates during the entire life of the financial instrument, and/or repayment of the principal amount is carried out in installments), the calculation of future cash flows, the discount factor and the discounted amounts of these flows is carried out for each such period. The present value of a financial instrument at the date of its inception in this case is the sum of the discounted future flows of the instrument for each period.

The effective interest rate is applied to the gross carrying amount of the financial instrument. Credit-impaired financial assets acquired or originated are subject to credit-adjusted effective interest rates. This rate applies to the amortized cost of acquired or originated credit-impaired assets from the date of initial recognition.

For financial assets that subsequently become credit-impaired, the effective interest rate is also applied to amortized cost. If the credit risk on a credit-impaired financial asset subsequently decreases so much that the asset ceases to be an impaired financial asset, the effective interest rate is applied to the gross carrying amount of the financial instrument from the next reporting period.

The calculation of the effective interest rate includes transaction costs and fees and amounts paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability

6.4 Amortized cost of financial instrument

The amortized cost of a financial instrument at the end of each reporting period is calculated as the amortized cost of that instrument at the end of the previous reporting period plus/minus amortization, which is the difference between the effective interest rate cash flows for that reporting period and the actual cash flows received or paid during that period.

In determining amortization, the cash flows of a financial instrument include:

- movement of the issued/received principal amount;
- interest income or expenses;
- additional commissions received/paid at the time of issuing/attracting a loan (such as commissions for organizing and issuing a microcredit, considering a loan application, opening and servicing a loan account, etc.) or issuing a debt obligation (for example, bonds);
- other commissions that are subject to a reliable assessment, the payment of which is a mandatory condition for issuing a microcredit / issuing a liability or will be made on a regular basis in accordance with the terms of the agreement.

Interest income and expenses on financial instruments recognized at initial recognition at cost are recognized in the income statement based on the actual contractual rate.

If a financial instrument is determined to have a new fair value at initial recognition, interest income or expense is calculated and recognized based on the market interest rate used to determine the new fair value of the financial instrument, which subsequently becomes the effective interest rate for that instrument.

For floating rate financial instruments, the effective interest rate for discounting cash flows is used until the next repricing date of the floating rate at market rates prior to the maturity date of the financial instrument.

Interest income and expense on financial instruments whose amortized cost is calculated by discounting cash flows at the effective interest rate are calculated based on the new cost of the financial instrument at the effective interest rate.

6.5 Financial assets and liabilities

Classification of financial instruments

Under IFRS 9, financial assets are classified as subsequently measured:

- at amortized cost;
- at fair value through other comprehensive income;
- at fair value through profit or loss - depending on:
  - the business model used to manage financial assets;
  - characteristics of the financial asset related to the contractual cash flows.

The business model used by the Organization is determined by key management personnel and describe the ways in which the Organization manages its financial assets in order to generate cash flows.

Financial assets are measured at amortized cost when all of the following conditions are met:

- The business models used by the Organization are determined by key management personnel and describe the ways in which the Organization manages its financial assets in order to generate cash flows.
- Financial assets are measured at amortized cost when all of the following conditions are met:

Cash flows that are solely payments of principal and interest on the principal amount outstanding have the following features:

- the principal amount of the debt is the fair value of the financial asset at initial recognition;
- interest includes only consideration for the time value of money, for credit risk in relation to principal outstanding for a specified period of time, and for other normal risks (eg liquidity) and costs (in particular administrative) associated with microcredit.

In some cases, the time value of money element contains consideration for other risks and costs, i.e. is modified. In this case, the Organization makes a qualitative or, where appropriate, quantitative assessment of the significance of the effect of the modified time value of money element.

Financial assets are measured at fair value through other comprehensive income when all of the following conditions are met:

- the financial asset is held within a business model whose objective is both to hold to collect contractual cash flows and to sell financial assets;
- contractual terms provide for the receipt, on specified dates, of cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through profit or loss if they are acquired in a business model with the purpose of selling and if they do not qualify for amortized cost or fair value through other comprehensive income.

Under IFRS 9, **financial liabilities are classified as subsequently measured at amortized cost**, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement principle is applied;
- financial guarantee agreements;
- obligations to provide microcredits at an interest rate below the market rate;
- contingent consideration received in a business combination.

Business model assessment

An entity evaluates the objective of the business model in which the asset is held at the level of a portfolio of financial instruments as this best reflects the way the business is managed and the way information is presented to management. The analyzed information includes:

- Policies and objectives set for portfolio management, as well as the implementation of these policies in practice. In particular, whether the management strategy is focused on earning contractual interest income, maintaining a certain interest rate structure, ensuring that financial assets meet the maturities of the financial liabilities used to finance those assets, or realizing cash flows through the sale of assets.
- How the performance of the portfolio is measured and how this information is communicated to the management of the Organization.
- Risks affecting the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- How portfolio managers are remunerated (for example, whether the remuneration is based on the fair value of those assets or on the contractual cash flows received from the assets).
- The frequency, volume, and timing of sales in past periods, the reasons for such sales, and expectations regarding future levels of sales. However, information on sales levels is not considered in isolation, but

as part of a single holistic analysis of how the Organization's stated goal of managing financial assets is being achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is measured on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor are they held to collect contractual cash flows. cash flow agreement and the sale of financial assets.

Assessing whether contractual cash flows are solely payments of principal and interest

For the purposes of this measurement, "principal" is defined as the fair value of a financial asset at initial recognition. “Interest” is defined as a consideration for the time value of money, for credit risk on principal outstanding over a specified period of time, and for other major risks and costs associated with microlending (such as liquidity risk and administrative costs), and include profit margin.

In evaluating whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the “SPPI test”), the Entity considers the contractual terms of the financial instrument. This includes assessing whether the terms of the financial asset's contract contain any condition that could change the timing or amount of the contract's cash flows such that the financial asset would not meet the requirement under analysis.

When conducting an assessment, the Organization takes into account:

- contingencies that may change the timing or amount of cash flows;
- conditions that have a leverage effect (leverage);
- conditions for early repayment and prolongation of the validity period;
- terms that limit the Organization's claims to cash flows from certain assets (for example, non-recourse assets);
- conditions that result in a change in consideration for the time value of money – for example, repricing interest rates on a periodic basis.

The Organization has determined that for a portfolio of long-term microcredits issued at a fixed interest rate, for which the Organization has the right to revise the interest rate in the event of a change in the refinancing rate set by the Central Bank of the Republic of Uzbekistan, and for which borrowers have the right to either accept the revised rate or repay the microcredit at a nominal reduced by principal payments and increased by accrued but unpaid interest, without penalty, the contractual cash flows of these microcredits are solely payments of principal and interest, since this right results in a change in the interest rate so that interest is a reimbursement for the time value of money, credit risk, other major risks associated with microlending, and costs associated with the principal remaining outstanding. Thus, the Organization considers these microcredits as microcredits with a floating interest rate in its essence.

General principles for the initial measurement of financial instruments

Financial instruments (financial assets and financial liabilities) are recognized in the accounting records of the Organization if the Organization becomes a party to a contract with respect to that financial instrument.

With the exception of trade receivables (not containing a significant financing component) and a financial asset or financial liability at fair value through profit or loss, financial instruments are initially recognized at fair value, plus or minus in the case of a financial asset or financial liability, by transaction costs that are directly attributable to the acquisition of a financial asset or the issuance of a financial liability. The best evidence of the fair value of a financial instrument at initial recognition is usually the transaction price.

Trade receivables that do not contain a significant financing component are measured at initial recognition at the transaction price.

If the actual contractual rate for a financial instrument is absent or deviates significantly from the market rate for this (similar/similar) instrument at the date of its occurrence, then the new fair value of the financial instrument is determined for its initial recognition. Wherein:

- in the absence of information on market rates for this financial instrument (or if they cannot be determined with a sufficient degree of reliability), the actual rate under the contract in respect of this instrument is subject to comparison with market rates for transactions with similar/similar financial instruments;

- **a significant deviation of the actual rate under the contract from the market rate** for this or analogic/similar financial instrument on the date of its occurrence is considered significant. The decision on materiality is made on the basis of the professional judgments of responsible persons, taking into account the content and features of the relevant transaction.

The new fair value of a financial instrument at initial recognition is determined using a discounted market interest rate method and is the fair value of the instrument at the date of inception, i.e. the present value of all future (expected) cash flows on this instrument at the date of its occurrence, discounted at the market interest rate for this or a similar/similar financial instrument. The difference between the actual cost at the date of origin of the financial instrument and its new cost, depending on the cause of its occurrence, may be recognized in equity, income statement or other assets/liabilities of the Organization.

The market interest rate for this financial instrument or other analogic/similar financial instruments is determined on the basis of available internal and external sources of information, depending on the type and nature of the financial instrument, and may be determined/calculated based on:

- from well-known interest rates published or posted in the information systems www.cbu.uz (the official website of the CBU) or public authorities and administration on the Internet;
- from the refinancing rate of the CBU for the corresponding period.

In particular, when determining the market rate for consumer lending agreements, the Organization uses information published by the Central Bank of the Republic of Uzbekistan on the full cost of consumer credit, determining the range of market rates as: the upper limit of the range is the consumer loan cost rate and the lower limit of the range is the refinancing rate of the Central Bank of the Republic of Uzbekistan for the corresponding period.

Reclassification

The classification of financial assets does not change after initial recognition except in the period following the Entity changes its business model for managing financial assets. An entity shall reclassify financial assets only if it has changed the business model used to manage those financial assets. Such changes are expected to be extremely rare. Such changes should be identified by the top management of the Organization as a consequence of external or internal changes and should be significant to the activities of the Organization and obvious to external parties. Accordingly, a change in the purpose of the Organization's business model can occur when and only when the Organization begins or ceases to carry out an activity that is significant in relation to its operations; for example, in the event of an acquisition, disposal or termination by the Organization of a particular line of business.

The classification of financial liabilities after initial recognition is not subject to change.

Derecognition of financial instruments

A financial asset is derecognised only when:

- the contractual rights to the cash flows from that financial asset expire, or
- An entity transfers a financial asset and the transfer qualifies for derecognition.

If a financial asset is substantially modified, the Organization derecognises it and recognizes a new asset. Criteria for major modification The organization determines how:

- change in the currency of a financial instrument;
- change from a fixed interest rate to a floating interest rate and vice versa;
- replacement of the debtor.

A financial liability is derecognised only when it is extinguished, that is, when the obligation specified in the contract is discharged, canceled or expired.

The transfer of a financial asset means:

- a transfer of contractual rights to receive cash flows from that financial asset to another party, or
- retaining contractual rights to receive cash flows from the financial asset while incurring contractual obligations to pay those cash to one or more recipients under the contract.

When transferring a financial asset, the risks and rewards associated with holding a financial asset are assessed. In this case:

- if the Entity transfers substantially all the risks and rewards incidental to ownership of a financial asset, it derecognises the financial asset and recognizes separately as assets or liabilities those rights and obligations created or retained on the transfer;
- if the Entity retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset;
- if the Entity does not transfer or retain substantially all the risks and rewards incidental to ownership of a financial asset, it shall determine whether control of the financial asset is retained. And in this case:
  - if the Entity does not retain control, it derecognises the financial asset and separately recognizes as an asset or liability those rights and obligations that are created or retained on transfer;
  - if the Entity retains control, it continues to recognize the financial asset to the extent that it continues to have an interest in that financial asset.

On derecognition, the difference between the carrying amount of the financial asset transferred to another party (measured at the date of derecognition) and the amount of funds received or receivable in exchange for that asset, less any liabilities assumed, is recognized in the income statement during the reporting period.

Significant change in the terms of a financial liability (regardless of the reasons for this change), incl. an exchange of obligations with substantially different terms is accounted for as an extinguishment of the old obligation and the recognition of a new one, with the difference between the two recognized in the income statement. Such a change is recognized as significant, in which the current discounted value of cash flows in accordance with the new conditions differs from the current discounted value of the remaining cash flows of the original financial liability by ½ at the refinancing rate set by the Central Bank of the Republic of Uzbekistan or more.

Upon derecognition, the difference between the carrying amount of a financial liability extinguished or transferred to another party, including the relevant under-depreciated part of the actual costs, and the consideration paid for it is subject to recognition in the income statement for the reporting period.

Impairment

An entity recognizes an provision for expected credit losses on the following financial instruments not at fair value through profit or loss:

- microcredits to clients;
- debt investment securities;
- net investment in financial leasing;
- issued financial guarantee contracts; And
- issued loan commitments.

The entity recognizes provisions for expected credit losses at an amount equal to lifetime expected credit losses, except for the following instruments, for which the amount of the provision will be equal to 12-month expected credit losses:

- debt investment securities with low credit risk at the reporting date; And
- other financial instruments (other than net investments in finance leases) for which credit risk has not increased significantly since their initial recognition.

An entity considers a debt security to have low credit risk if it has a credit rating that meets the internationally accepted definition of an investment grade rating.

12-month expected credit losses are the portion of expected credit losses due to default events on a financial instrument that are possible within 12 months after the reporting date.

Estimate of expected credit losses

Expected credit losses are an estimate of credit losses weighted by the probability of a default occurring. They are rated as follows:

- for financial assets that are not credit-impaired at the reporting date: as the present value of all expected cash shortfalls (that is, the difference between the cash flows due to the Organization under the contract and the cash flows that the Organization expects to receive);
- for financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount of the assets and the present value of estimated future cash flows;
- for the undrawn portion of the loan commitment: as the present value of the difference between the contractual cash flows that are due to the Organization under the contract if the borrower exercises its right to a loan and the cash flows that the Organization expects to receive if that loan were issued; And
- for financial guarantee contracts: as the present value of expected payments to the holder of the contract to compensate for a credit loss it incurs, less amounts the Organization expects to recover.

Restructured financial assets

When the terms of a financial asset are renegotiated or modified by agreement, or an existing financial asset is replaced by a new one due to financial difficulties of the borrower, an assessment is made to determine whether the financial asset should be derecognised, and expected credit losses are measured as follows:

- If the expected restructuring does not result in the derecognition of the existing asset, then the expected cash flows from the modified financial asset are included in the calculation of cash shortfalls from the existing asset.
- If an expected restructuring results in the derecognition of an existing asset, then the expected fair value of the new asset is treated as the ultimate cash flow of the existing asset at the time it is derecognised. This amount is included in the calculation of cash shortfalls on the existing financial asset, which are discounted over the period from the expected derecognition date to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Organization assesses financial assets carried at amortized cost and debt financial assets carried at fair value through other comprehensive income to determine if they are credit-impaired. A financial asset is "credit-impaired" when it has a default event.

Presentation of provisions for expected credit losses

Credit loss provision amounts are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a reduction of the gross carrying amount of these assets;
- loan commitments and financial guarantee contracts: in general, as a provision;
- if the financial instrument contains both a callable and an unclaimed component, and the Entity is unable to determine the expected credit losses on the committed loan commitment separately from the expected credit losses on the portion already called (the originated microcredit): The Entity presents an aggregate loss provision for both components. The aggregate amount is presented as a reduction in the gross book value of the claimed part (issued microcredit). Any excess of the loss provision over the gross carrying amount of the microcredit issued is presented as a provision; And
- debt instruments measured at fair value through other comprehensive income: loss provision is not recognized in the statement of financial position because the carrying amount of these assets is their fair value.

Write-offs

Microcredits and debt securities are subject to write-off (in part or in full) when there is no reasonable expectation of their recovery. Typically, this is the case when the Organization determines that the borrower does not have assets or sources of income that can generate sufficient cash flows to pay off the amounts due to be written off. However, for financial assets that have been written off, the Organization may continue to carry out debt collection activities in accordance with the recovery policy.

Cash and cash equivalents.

Cash and cash equivalents are items that are readily convertible to a certain amount of cash and are subject to an insignificant change in value. Cash and cash equivalents include all overnight deposits and reverse repurchase agreements with other banks with original maturities of up to one business day. Funds that are restricted from use for more than three months at the time of origination are excluded from cash and cash equivalents in both the statement of financial position and the statement of cash flows. Cash and cash equivalents are carried at amortized cost because (i) they are held to collect contractual cash flows and these cash flows represent solely payments of principal and interest, and (ii) they are not classified as measured at cost. fair value through profit or loss. Conditions established solely by law (for example, debt-to-equity conversion provisions in some countries) do not affect the results of the SPPI test, unless they are included in the terms of the contract and would apply even if the law subsequently changed.

Payments or receipts of cash presented in the statement of cash flows represent the transfer of cash and cash equivalents to the Organization, including such amounts accrued or credited to current accounts of the Organization's counterparties held with the Organization, such as interest income on a loan or principal amount collected by debiting the client's current account, interest payments or issued loans credited to the client's current account, representing cash or its equivalent from the point of view of the client.

Microcredits, microloans, and microfinancing services (microcredit).

Micro loans presented in the statement of financial position include:

- Microcredits measured at amortized cost; they are measured initially at fair value plus incremental direct transaction costs and then at amortized cost using the effective interest method;
- Microcredits assessed at FVPL on a mandatory basis; such microcredits are measured at fair value with changes in their value immediately recognized in profit or loss; And
- finance lease receivables.

When an entity acquires a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price at a future date, the agreement is accounted for as a loan or advance and the underlying asset is not recognized in the financial statements of the entity.

Collateral received for non-payment.

Collateral received for non-payment represents financial and non-financial assets received by the Organization in the settlement of overdue microcredits. These assets are initially recognized at fair value upon receipt and included in property, plant and equipment, other financial assets, investment property or inventories within other assets, depending on their nature and the Organization's intention to collect those assets, and are subsequently remeasured and accounted for in accordance with accounting policies for these categories of assets.

If the acquisition of collateral for non-payment results in the acquisition of control of the business, the business combination is accounted for using the acquisition method, with the fair value of the settled microcredits being the cost of the acquisition. For shares held in default, the accounting policy for associates is applied when the Entity acquires significant influence but does not acquire control.

Property and equipment

Property, plant and equipment are carried at cost or at revalued amounts as described below, less accumulated depreciation and provision for impairment, if any.

Gains and losses arising from the disposal of property, plant and equipment are determined on the basis of their residual value and are included in operating expenses in the statement of comprehensive income.

Repair and maintenance costs are recognized in the statement of comprehensive income when they are incurred.

Construction in progress is carried at cost less any provision for impairment.

Upon completion of construction, the assets are transferred to property, plant and equipment and are recorded at their carrying amount at the time of transfer. Construction in progress is not subject to depreciation until the asset is put into operation.

Intangible assets

The Organization's intangible assets, other than goodwill, have a finite useful life and primarily include capitalized software as well as intangible assets acquired as a result of a business combination (for example, customer base and brand name). Acquired and recognized intangible assets are capitalized on the basis of the costs incurred to acquire and implement those assets. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis and assessed for impairment when there is an indication that these assets may be impaired.

Depreciation

Depreciation of an item of fixed assets begins from the moment it is put into operation. Depreciation is charged on a straight-line basis as a percentage of the useful life of assets:

- Buildings - 5%;
- Office and computer equipment - 15% - 40%;
- Vehicles - 20%;
- Other fixed assets - 15%;

Land has an unlimited useful life and is not subject to depreciation.

At the end of its useful life, the residual value of an asset is the estimated amount that the Organization would currently receive if the asset were sold, less the estimated costs of disposal, if the condition and age of the asset were consistent with the age and condition that the asset would be in end of useful life. The residual value of assets and their useful lives are reviewed and, if necessary, adjusted at the end of the reporting period.

Financial obligations

The entity classifies its financial liabilities, other than financial guarantees and microcredit liabilities, as measured at amortized cost or FVPL.

Derecognition of financial liabilities

Financial liabilities are derecognized when they are extinguished (i.e. when an obligation specified in the contract is satisfied or terminated, or the period for its performance expires).

Financial liabilities categorized as at fair value through profit or loss

An entity may designate certain liabilities as measured at fair value through profit or loss on initial recognition. Gains and losses on such liabilities are presented in profit or loss, except for the amount of changes in fair value that are attributable to changes in the credit risk of the liability (defined as the amount that is not attributable to changes in market conditions that give rise to market risk), that is recognized in other comprehensive income and is not subsequently reclassified to profit or loss. This is possible if such a representation does not create or exacerbate an accounting mismatch. In this case, gains and losses attributable to changes in the liability's credit risk are also recognized in profit or loss.

Borrowings from other banks

Amounts due to banks are recorded from the moment when funds or other assets are issued by the Organization by counterparty banks. Due to banks represent non-derivative financial liabilities and are carried at amortized cost or FVPL.

Other borrowings.

Other borrowings attracted by the Organization in the financial markets, as well as trade finance transactions. Other borrowings are carried at amortized cost or FVPL.

Commitments to providing microcredit.

The organization issues obligations to provide microcredits. Such obligations are irrevocable obligations or obligations that can only be withdrawn in response to material negative changes. Such liabilities are initially carried out at fair value, usually supported by the amount of remuneration received. This amount is amortized using the straight-line method during the term of the obligation, except for the obligation to provide microcredits, if there is a probability that the Organization will conclude a specific microcredit agreement and will not plan to implement the microcredit within a short period after its provision; Such commission income related to the obligation to provide microcredits is accounted for as deferred income and is included in the book value of the microcredit at initial recognition. At the end of each reporting period, the liability is measured as (i) the unamortized balance of the amount at initial recognition plus (ii) the amount of the contingent reserve determined on the basis of the expected credit loss model, if the obligation is not to extend microcredit at an interest rate below the market rate, then the amount of the obligation is equal to the higher of the two amounts. The book value of obligations to provide microcredits is a liability. For contracts that include a microcredit and an unused liability, if the Organization cannot separately identify expected credit losses for the unused microcredit component and for the microcredit component, the expected credit losses on the unused liability are recognized together with the microcredit loss provision. Expected credit losses in the amount of excess of total expected credit losses over the gross book value of a microcredit are recognized as a liability.

Settlements with suppliers and other accounts payable

Trade and other payables accrue when the counterparty has fulfilled its contractual obligations and are carried out at amortized cost.

Dividends

Dividends are recognized as a liability and deducted from equity at the end of the reporting period only if they are declared before or on the end of the reporting period. Information about dividends is disclosed in a note on events occurring after the end of the reporting period if they were declared after the end of the reporting period. Payment of dividends and other distribution of profits is carried out on the basis of the net profit of the current year according to financial statements prepared in accordance with the legislation of the Republic of Uzbekistan.

After approval at the general meeting of participants, dividends are reflected in the financial statements as a distribution of profits.

Interest income and expense calculated using the effective interest method.

Interest income and expense on all debt instruments measured at amortized cost and measured at fair value through other comprehensive income are recognized on an accrual basis using the effective interest method. This calculation includes in interest income and expenses all fees and charges paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Commissions attributable to the effective interest rate include fees received or paid by an entity in connection with the creation or acquisition of a financial asset or the issuance of a financial liability (for example, fees for assessing creditworthiness, evaluating or accounting for guarantees or collateral, for settling the terms of an instrument, and for transaction processing).

The Organization does not classify microcredit liability as a financial liability at fair value through profit or loss.

For originated or acquired credit-impaired financial assets, the effective interest rate is the rate that discounts expected cash flows (including initial expected credit losses) to fair value at initial recognition (usually the acquisition price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets other than:

- financial assets that have become impaired (Stage 3) and for which interest income is calculated by applying the effective interest rate to their amortized cost (less provision for expected credit losses);
- credit-impaired financial assets originated or acquired for which the original credit-adjusted effective interest rate is applied to amortized cost.

Fee and commission income and expenses

Fee and commission income and expenses that are an integral part of the effective interest rate of the financial asset or liability are included in the effective interest rate calculation.

A contract with a customer that results in the recognition of a financial instrument in the financial statements of an Entity may be partly within the scope of IFRS 9 and partly within the scope of IFRS 15. In this case, the Entity first applies the requirements of IFRS 9 to isolate and account for the part of the contract that is within the scope of IFRS 9 and then applies IFRS 15 to the remainder.

Other interest income and expenses.

Other interest income and expense represent interest income and expense on debt instruments measured at FVPL and are recognized on an accrual basis using a nominal interest rate.

Taxation

Income tax expense/recovery includes current and deferred taxes and is recognized in the statement of comprehensive income. Taxation expenses are reflected in the financial statements in accordance with the requirements of the current legislation of the Republic of Uzbekistan. Current tax payments are calculated on the basis of taxable income for the year using income tax rates in effect during the reporting period.

Current tax amounts are funds payable to the budget or refunded from the budget in connection with taxable profits or losses of the current or previous period. If financial statements are permitted to be issued prior to the filing of the relevant tax returns, the tax amounts reported therein are based on estimates.

Deferred income tax is calculated using the balance sheet asset and liability method for all tax losses carry forward and temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax amounts are measured at tax rates that are effective at the end of the reporting period or that are expected to apply during the period of reversal of temporary differences or use of tax loss carry forwards. Deferred tax assets and liabilities are offset against each other if there is a legally enforceable right to offset current tax assets and liabilities. Deferred tax assets for deductible temporary differences and tax losses are recognized to the extent that it is probable that sufficient taxable profit will be available against which the deductions can be utilised. Management's judgment is required to determine the amount of deferred tax assets that can be recognized in the financial statements based on the likely timing and amount of future taxable income and future tax planning strategies.

In addition, the Republic of Uzbekistan has various operating taxes that apply to the Organization. These taxes are recognized in the statement of comprehensive income as part of operating expenses..

Offsetting

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

Employee benefits and social security contributions

On the territory of the Republic of Uzbekistan, the Organization makes deductions for the unified social tax. These deductions are also recorded on an accrual basis. The unified social tax includes contributions to the Pension Fund. The Organization does not have its own pension scheme. Payroll expenses, contributions to the state pension fund and the social insurance fund, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued as the relevant services are rendered by the employees of the Organization.

Segment Information

Operating segments are identified based on internal reporting of the Organization's components, reviewed regularly by the chief operating decision maker to allocate resources to the segments and evaluate their performance.

An entity measures reportable segment information in accordance with IFRS. A reportable operating segment is identified when one of the following quantitative requirements is met:

- its revenue from sales to external customers and from transactions with other segments is at least 10 percent of the total revenue - external and internal - of all operating segments; or
- the absolute measure of profit or loss is not less than 10 percent of the higher of (i) the combined profit of all operating segments that did not show a loss, and (ii) the combined loss of all operating segments that showed a loss; or
- its assets represent at least 10 percent of the total assets of all operating segments.
- its assets and liabilities are at least 10 percent of total capital.

If the total external sales revenue shown by the operating segments is less than 75 percent of the entity's revenue, additional operating segments are identified as reportable (even if they do not meet the quantitative criteria above) until the reported segments at least 75 per cent of the Organization's revenue will be included.

Foreign currency

Transactions in foreign currencies are initially translated into the functional currency at the exchange rate of the CBU in effect on the date of the transaction. Gains and losses arising from the translation of transactions in foreign currencies are recognized in the statement of comprehensive income as gains less losses from foreign currency translation. Non-monetary items that are measured at cost in a foreign currency are translated at the exchange rate of the Central Bank of the Republic of Uzbekistan in effect on the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated at the rate of exchange ruling at the date the fair value was determined.

At the date of the financial statements, the assets and liabilities of the Organization whose functional currency is different from the presentation currency of the Organization are translated into UZS at the exchange rate at the reporting date, and their income statements are translated at the weighted average annual rate. The exchange differences arising on such translation are recognized in other comprehensive income. On disposal of a subsidiary or associate whose functional currency is different from the Entity's presentation currency, the total amount recognized in other comprehensive income attributable to that entity is reclassified from other comprehensive income to profit or loss for the reporting period.

(in thousands of UZS)

7 Cash and cash equivalents

	31 December 2024	31 December 2023
Cash and cash equivalents measured at amortized cost	3 966 573	18 520 469
Total cash and cash equivalents	**3 966 573**	**18 520 469**

Cash and cash equivalents measured at amortized cost

	31 December 2024	31 December 2023
Cash on hand	449 302	798 364
Balances on current accounts in other banks	3 553 031	1 924 391
Time deposits in other banks placed for a period of up to 90 days	-	15 857 084
Provision for credit losses	(35 760)	(59 370)
Total cash and cash equivalents measured at amortized cost	**3 966 573**	**18 520 469**

The table below provides an analysis of the credit quality of cash and cash equivalents measured at amortized cost based on credit ratings as at 31 December 2024. The carrying amount of cash and cash equivalents balances as at 31 December 2024 in the table below also represents the Organization's maximum exposure to credit risk on these assets:

	Average credit risk	High credit risk	Total
Balances on current accounts in other banks	2 830 417	722 614	3 553 031
Provision for credit losses	(6 133)	(29 627)	(35 760)
Total cash and cash equivalents measured at amortized cost, excluding cash	**2 824 284**	**692 987**	**3 517 271**

The table below provides an analysis of the credit quality of cash and cash equivalents measured at amortized cost based on credit ratings as at 31 December 2023.

	Average credit risk	High credit risk	Total
Balances on current accounts in other banks	1 784 765	139 626	1 924 391
Time deposits in other banks placed for a period of up to 90 days	15 857 084	-	15 857 084
Provision for credit losses	(44 583)	(14 787)	(59 370)
Total cash and cash equivalents measured at amortized cost, excluding cash	**17 597 266**	**124 839**	**17 722 105**

The table below provides a reconciliation of opening balances of the provision for expected credit losses (ECL) for current accounts with other banks carried at amortized cost, broken down by appropriate category.

	ECL for 12 months	Total
Balance as of 01 January 2023	**7 160**	**7 160**
Provisioning for credit losses	52 210	52 210
Balance as of 31 December 2023	**59 370**	**59 370**
Provisioning for credit losses	(23 610)	(23 610)
Balance as of 31 December 2024	**35 760**	**35 760**

(in thousands of UZS)

8 Microcredits

	31 December 2024	31 December 2023
Microcredits valued at amortized cost	88 531 286	49 177 501
Total microcredits	**88 531 286**	**49 177 501**

Loans and advances to customers measured at amortized cost

	31 December 2024	31 December 2023
Individuals	11 496 478	2 825 852
Individual entrepreneurs	57 872 129	34 389 612
Legal entities	21 217 814	13 355 118
Provisioning for credit losses	(2 055 135)	(1 393 081)
Total microcredits measured at amortized cost	**88 531 286**	**49 177 501**

The tables below provide an analysis of the credit quality of microcredits measured at amortized cost provided by the Organization as at 31 December 2024. The analysis of the credit quality of microcredits presented in the tables below is based on the borrower credit quality scale developed by the Organization.

	Stage1	Stage2	Stage3	Total
Low credit risk	85 240 612	-	-	85 240 612
Average credit risk	-	3 625 963	-	3 625 963
High credit risk	-	-	1 543 256	1 543 256
Defaulted assets	-	-	176 590	176 590
Total gross book value of microcredits	**85 240 612**	**3 625 963**	**1 719 846**	**90 586 421**
Provisioning for credit losses	(503 204)	(953 595)	(598 336)	(2 055 135)
Total microcredits	**84 737 408**	**2 672 368**	**1 121 510**	**88 531 286**

The tables below provide an analysis of the credit quality of microcredits measured at amortized cost provided by the Organization as of 31 December 2023. The analysis of the credit quality of microcredits presented in the tables below is based on the scale of borrower credit quality developed by the Organization.

	Stage1	Stage2	Stage3	Total
Minimum credit risk	33 122	-	-	33 122
Low credit risk	47 349 972	-	-	47 349 972
Average credit risk	-	1 339 692	-	1 339 692
High credit risk	-	-	1 501 116	1 501 116
Defaulted assets	-	-	346 680	346 680
Total gross book value of microcredits	**47 383 094**	**1 339 692**	**1 847 796**	**50 570 582**
Provisioning for credit losses	(781 722)	(233 443)	(377 916)	(1 393 081)
Total microcredits	**46 601 372**	**1 106 249**	**1 469 880**	**49 177 501**

Microcredits were provided to individuals and legal entities, residents of the Republic of Uzbekistan.

(in thousands of UZS)

Analysis of the movement of the provisions for credit losses for 2024 for loans to customers measured at amortized cost:

	Stage1	Stage2	Stage3	Total
Balance as of 31 December 2023	**781 722**	**233 443**	**377 916**	**1 393 081**
Transfer to Stage1	230	-	(230)	-
Transfer to Stage2	(66 079)	66 079	-	-
Transfer to Stage3	(23 644)	(17 805)	41 449	-
Net expense from creation/(restoration) of credit loss provisions within one stage	(189 025)	671 878	179 201	**662 054**
- including new loans issued	*343 633*	*484 599*	*283 620*	**1 111 852**
Balance as of 31 December 2024	**503 204**	**953 595**	**598 336**	**2 055 135**

Information on credit quality for microcredits as of 31 December 2024 is as follows:

	Loans to legal entities	Loans to individuals	Loans to individual entrepreneurs	Total
Not overdue	15 901 829	10 518 759	45 379 960	71 800 548
Overdue;				
- with a payment delay of less than 30 days	3 774 690	922 401	9 941 469	14 638 560
- with payment delay for a period of 30 to 90 days	954 266	28 074	1 538 610	2 520 950
- with payment delay for a period of 90 to 180 days	524 848	27 244	897 681	1 449 773
- with a payment delay of more than 180 days	62 181	-	114 409	176 590
Total gross book value of microcredits	**21 217 814**	**11 496 478**	**57 872 129**	**90 586 421**
Provisioning for credit losses	(584 069)	(90 891)	(1 380 175)	(2 055 135)
Total microcredits	**20 633 745**	**11 405 587**	**56 491 954**	**88 531 286**

Information on credit quality for microcredits as of 31 December 2023 is as follows:

	Loans to legal entities	Loans to individuals	Loans to individual entrepreneurs	Total
Not overdue	10 803 008	2 223 389	29 632 731	42 659 128
Overdue;				
- with a payment delay of less than 30 days	1 632 583	401 135	3 563 113	5 596 831
- with payment delay for a period of 30 to 90 days	327 223	97 619	125 855	550 697
- with payment delay for a period of 90 to 180 days	556 543	76 585	1 006 340	1 639 468
- with a payment delay of more than 180 days	35 761	27 124	61 572	124 458
Total gross book value of microcredits	**13 355 118**	**2 825 852**	**34 389 612**	**50 570 582**
Provisioning for credit losses	(455 090)	(128 666)	(809 325)	(1 393 081)
Total microcredits	**12 900 028**	**2 697 186**	**33 580 287**	**49 177 501**

(in thousands of UZS)

9 Fixed assets and intangible assets

Below is information on the movement of fixed assets and intangible assets as of 31 December 2024:

	Office and computer equipment	Right-of-use assets	Total fixed assets	Intangible assets	Total
Residual value as of 31 December 2023	**1 393 614**	**6 690 950**	**8 084 564**	**3 931**	**8 088 495**
Initial cost					
Balance as of 31 December 2023	**1 626 364**	**7 277 769**	**8 904 133**	**5 861**	**8 909 994**
Receipts	1 116 551	5 029 222	**6 145 773**	-	**6 145 773**
Balance as of 31 December 2024	**2 742 915**	**12 306 991**	**15 049 906**	**5 861**	**15 055 767**
Accumulated depreciation					
Residual value at 31 December 2023	**232 750**	**586 819**	**819 569**	**1 930**	**821 499**
Depreciation deductions	570 620	531 471	**1 102 091**	1 175	**1 103 266**
Balance as of 31 December 2024	**803 370**	**1 118 290**	**1 921 660**	**3 105**	**1 924 765**
Residual value as of 31 December 2024	**1 939 545**	**11 188 701**	**13 128 246**	**2 756**	**13 131 002**

Below is information on the movement of fixed assets and intangible assets as of 31 December 2023:

	Office and computer equipment	Right-of-use assets	Total fixed assets	Intangible assets	Total
Residual value as of 01 January 2023	**696 671**	**3 773 382**	**4 470 053**	**-**	**4 470 053**
Initial cost					
Balance as of 01 January 2023	**757 547**	**4 024 941**	**4 782 488**	**-**	**4 782 488**
Receipts	868 817	3 252 828	**4 121 645**	5 861	**4 127 506**
Balance as of 31 December 2024	**1 626 364**	**7 277 769**	**8 904 133**	**5 861**	**8 909 994**
Accumulated depreciation					
Residual value as of 01 January 2023	**60 876**	**251 559**	**312 435**	**-**	**312 435**
Depreciation deductions	171 874	335 260	**507 134**	1 930	**509 064**
Balance as of 31 December 2024	**232 750**	**586 819**	**819 569**	**1 930**	**821 499**
Residual value as of 31 December 2024	**1 393 614**	**6 690 950**	**8 084 564**	**3 931**	**8 088 495**

10 Other assets

	31 December 2024	31 December 2023
Other non-financial assets		
Prepayment for services	3 594 209	225 026
Prepayment for equipment and goods	10 790	7 799
Total other non-financial assets	**3 617 309**	**273 909**

(in thousands of UZS)

11 Other borrowings

Other borrowings are presented as follows:

	31 December 2024	31 December 2023
EFA FINANCIAL INSTITUTIONS DEBT FUND PTE. LTD	14 511 878	12 214 827
BlueOrchard	13 610 202	-
INECOBANK	9 475 385	-
EMF (EQ)	7 396 089	-
CENTRAL ASIA IMPACT FUND, INC	5 165 093	12 326 052
I.D. Inspiring Development GmbH	2 687 202	-
Total other borrowings	**52 845 849**	**24 540 880**

12 Other liabilities

	31 December 2024	31 December 2023
Other financial liabilities		
Accrued expenses for payment of remuneration to personnel	347 312	203 952
For inventory items and services	1 218 991	350 166
Hedging liabilities	2 696 446	-
Finance lease liabilities	11 945 676	7 097 774
Total other financial liabilities	**16 208 425**	**7 651 892**
Other non-financial liabilities		
Taxes payable, excluding income tax	217 715	352
Deferred commission income	6 947	5 220
Total other non-financial- liabilities	**224 662**	**5 572**
Total liabilities	**16 433 087**	**7 657 464**

13 Authorized Capital

The authorized and paid-up authorized capital of the Organization is 45 358 669 thousand UZS.

The audited statutory financial statements of the Organization are the basis for the distribution of profits and other appropriations. The legislation of Uzbekistan defines the basis of distribution as retained earnings.

In 2024 and 2023, the Company did not declare any dividends.

(in thousands of UZS)

14 Interest income and expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023
Interest income calculated at the effective interest rate		
Cash and cash equivalents	406 471	5 538
Microcredits	29 620 532	14 021 198
Total interest income calculated at the effective interest rate	**30 027 003**	**14 026 736**
Other interest income		
Other assets	92 569	-
Total other interest income	**92 569**	**-**
Interest expenses calculated using the effective interest rate		
Interest expenses on borrowings	5 326 553	714 584
Microcredits	158 883	-
Total interest expenses calculated using the effective interest rate	**5 485 436**	**714 584**
Other interest expenses		
Lease liability	1 448 752	652 552
Other liabilities	-	3 266
Total other interest expenses	**1 448 752**	**655 818**
Net interest income	**23 185 384**	**12 656 334**

15 Fee and commission income and expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023
Commission expenses		
Transactions with bank cards	614 874	344 272
Commission costs with credit institutions	-	33 570
Other commission and service expenses	1 096 089	384 967
Total commission expenses	**1 710 963**	**762 809**
Net commission income	**(1 710 963)**	**(762 809)**

16 Net gain/(loss) from foreign currency transactions and foreign currency revaluation

	For the year ended 31 December 2024	For the year ended 31 December 2023
Income/(expenses) from foreign currency transactions and revaluation		
Income from foreign currency transactions and revaluation – Other	897 348	829 105
Expenses from foreign currency transactions and revaluation – Other	(1 527 143)	(958 047)
Expenses from foreign currency transactions and revaluation – Hedging	(2 620 130)	-
Net income/(expenses) from foreign currency transactions and revaluation	**(3 249 925)**	**(128 942)**

(in thousands of UZS)

In January 2024, the Company entered into a transaction with MFX to purchase non-deliverable FX forwards in order to protect against the risk of devaluation, specifically to hedge principal liabilities on the following loans:

Lender	Loan amount, USD	Repayment dates and amounts of principal, USD			
		23.10.2024	23.01.2025	23.04.2025	23.07.2025
EFA Group	1 500 000	375 000	375 000	375 000	375 000

Lender	Loan amount, USD	Repayment dates and amounts of principal, USD				
		11.12.2024	12.03.2025	11.06.2025	10.09.2025	10.12.2025
AV Frontiers	500 000	100 000	100 000	100 000	100 000	100 000

The amount and maturity date of each non-deliverable forward strictly corresponds to the amounts and dates of each repayment of the principal on the above loans. Thus, the Organization concluded only 9 non-deliverable currency forwards with the following characteristics:

Repayment date	Currency	Amount, USD	Forward rate	Loan repayment hedge
23.10.2024	USD	375 000	14 118,35	EFA Group
11.12.2024	USD	100 000	14 415,37	AV Frontiers
11.12.2024	USD	375 000	14 590,77	EFA Group
12.03.2025	USD	100 000	14 928,56	AV Frontiers
23.01.2025	USD	375 000	15 215,08	EFA Group
11.06.2025	USD	100 000	15 574,16	AV Frontiers
23.07.2025	USD	375 000	15 886,68	EFA Group
10.09.2025	USD	100 000	16 241,68	AV Frontiers
10.12.2025	USD	100 000	16 946,35	AV Frontiers

The purpose of the purchase of forwards was to maintain the open foreign exchange position of the Organization within the established limits. In 2024, expenses on the forward transactions mentioned amounted to 2 620 130 thousand UZS - this amount is included in the total amount of expenses on foreign currency transactions and from the revaluation of foreign currency which amounted to 3 249 925 thousand UZS.

(in thousands of UZS)

17 Administrative and other operating expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023
Salary and bonuses	8 362 625	4 224 765
Unified social payment	807 129	415 734
Other employee benefits	39 765	44 905
Personnel costs	**9 209 519**	**4 685 404**
Professional Services	2 795 900	1 427 337
Travel expenses	1 225 992	556 237
Depreciation	1 103 266	509 064
Repair	888 514	462 773
Other taxes, excluding income tax	707 497	11 809
Advertising	407 940	209 438
Security	211 423	77 991
Stationery	211 160	57 443
Connection	175 345	57 286
Fines and penalties	121 988	-
Representation expenses	120 145	116 542
Insurance	61 930	29 135
Utilities	43 883	14 880
Rent	35 907	-
Membership fees	20 397	26 155
Vehicle maintenance expenses	6 109	-
Other	27 055	139 270
Total other operating expenses	**8 164 451**	**3 696 910**
Total personnel and other operating expenses	**17 373 970**	**8 382 314**

18 Income tax expense

Components of income tax expense

Income tax savings include the following components

	For the year ended 31 December 2024	For the year ended 31 December 2023
Current income tax expenses	3 462	13 367
Deferred taxation	(26 011)	(18 943)
Income tax expenses for the year	**(22 549)**	**(5 575)**

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

The income tax rate applicable to most of the Organization's profits is corporate income tax (7.5 percent).

Below is a comparison of theoretical tax expenses with actual tax expenses:

	31 December 2024	Recovered / (charged) to profit and loss accounts	31 December 2023
Tax effects of temporary differences reducing/(increasing) the tax base			
Cash and cash equivalents	2 688	1 765	4 453
Microcredits	11 169	(10 973)	196
Fixed assets	69 932	(31 286)	38 646
Other assets	804	20 477	21 281
Other obligations	26 590	(5 993)	20 598
Net deferred tax assets	**111 184**	**(26 011)**	**85 173**
Recognized deferred tax assets	111 184	(26 011)	85 173
Net deferred tax (liabilities)/assets	**111 184**	**(26 011)**	**85 173**

19 Contingent financial liabilities

19.1 Legal issues

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

19.2 Tax legislation

The tax and customs legislation, as well as the legislation in the field of currency regulation of the Republic of Uzbekistan, are subject to varying interpretations and are subject to frequent changes. Moreover, regulations issued by various government bodies may be in conflict with each other. Management's interpretation of the law as applied to the operations and activities of the Organization may be challenged by the relevant authorities. The Uzbek tax authorities may take a more assertive stance in interpreting legislation and assessing charges, and it is possible that transactions and activities that have not been challenged in the past will be challenged. As a result, significant amounts of additional taxes, fines and penalties may be assessed. Tax periods remain open for tax review by the relevant tax authorities for five calendar years. prior to the year for which the audit is being carried out. In some cases, reviews may cover longer periods.

The Organization's management believes that its interpretation of the relevant legislation is correct and that the Organization's tax, currency and customs positions will be sustained. As at 31 December 2023, management has not created a provision for potential tax liabilities. The Organization estimates that there are no potential tax liabilities, except for the unlikely

20 Related party transactions

For the purposes of these financial statements, a party is considered to be related if one of them has the ability to control the other or to exercise material influence over the other party's financial and operational decisions, as set out in IAS 24 Related Party Disclosures. When considering all possible relationships with related parties, the economic content of such relationships is taken into account, and not only their legal form.

In the ordinary course of its business, the Organization conducts transactions with its major shareholders, directors and other parties. These operations include settlements, loans, deposits, guarantees, trade finance and foreign exchange transactions. According to the Organization's policy, all transactions with related parties are carried out on the same terms and conditions as transactions with independent parties.

As at 31 December 2024 and 2023, the Organization has no balances of assets and liabilities, as well as income and expenses with related parties.

21 Fair Value

Fair value is defined as the price at which an instrument could be exchanged in a current transaction between willing parties to enter into an arm's length transaction, other than a forced sale or liquidation. The best evidence of fair value is a quoted financial instrument in an active market. Since there is no liquid market for most of the Organization's financial instruments, their fair value must be determined based on prevailing market conditions and the specific risks associated with a particular instrument. The estimates presented below may not reflect the amounts that the Organization is able to obtain from a market sale of the entire holding of a particular instrument.

An entity uses the following hierarchy to determine and disclose the fair value of financial instruments depending on the valuation techniques:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;

(in thousands of UZS)

- Level 2: techniques in which all inputs that significantly affect fair value are directly or indirectly observable in an open market; And
- Level 3: Techniques that use inputs that significantly affect fair value that are not based on observable market data.

The table below provides an analysis of assets carried at amortized cost and reported at fair value, by levels of the measurement hierarchy as at 31 December 2024:

	Level 1	Level 2	Level 3	Book value
Financial assets carried at amortized cost				
Cash and cash equivalents	**449 302**	**3 553 031**	**-**	**4 002 333**
Cash on hand	449 302	-	-	449 302
Balances on current accounts in other banks	-	3 553 031	-	3 553 031
Microcredits	**-**	**-**	**90 586 421**	**90 586 421**
Commercial loans to legal entities	-	-	21 217 814	21 217 814
Microcredits for individual entrepreneurs			57 872 129	57 872 129
Microcredits and other loans to individuals	-	-	11 496 478	11 496 478

The table below provides an analysis of assets carried out at amortized cost and reported at fair value, by levels of the measurement hierarchy as at 31 December 2023:

	Level 1	Level 2	Level 3	Book value
Financial assets carried at amortized cost				
Cash and cash equivalents	**798 364**	**17 781 475**	**-**	**18 579 839**
Cash on hand	798 364	-	-	798 364
Balances on current accounts in other banks	-	1 924 391	-	1 924 391
Microcredits	**-**	**-**	**50 570 582**	**50 570 582**
Commercial loans to legal entities	-	-	13 355 118	13 355 118
Microcredits for individual entrepreneurs			34 389 612	34 389 612
Microcredits and other loans to individuals	-	-	2 825 852	2 825 852

The table below provides an analysis of liabilities carried at amortized cost reported at fair value broken down by levels of the measurement hierarchy as at 31 December 2024:

	Level 1	Level 2	Level 3	Book value
Financial liabilities carried out at amortized cost				
Other borrowings	**-**	**43 281 759**	**9 564 090**	**52 845 849**
Borrowings from foreign investors	-	43 281 759	-	43 281 759
Borrowings from other banks	-	-	9 564 090	9 564 090
Other financial liabilities	**-**	**-**	**16 208 425**	**16 208 425**

(in thousands of UZS)

The table below provides an analysis of liabilities carried out at amortized cost accounted for at fair value by levels of the measurement hierarchy as at 31 December 2023:

	Level 1	Level 2	Level 3	Book value
Financial liabilities carried at amortized cost				
Other borrowings	**-**	**24 540 880**	**-**	**24 540 880**
Borrowings from foreign investors	-	24 540 880	-	24 540 880
Other financial liabilities				
Other financial liabilities	**-**	**-**	**7 651 892**	**7 651 892**

Fair value measurements at Level 2 and Level 3 of the fair value hierarchy were made using a discounted cash flow model. The fair value of floating rate derivatives not quoted in an active market has been taken equal to their carrying amount. The fair value of fixed rate instruments not quoted in an active market has been estimated based on estimated future cash flows, discounted using current borrowing market interest rates for new instruments with similar credit risk and maturity.

For assets, the Organization used assumptions about the incremental rate on debt and counterparty prepayment rates. Liabilities are discounted at the Organization's incremental borrowing rate. Demandable liabilities have been discounted from the first day of a potential call to settle the Organization's liability.

22 Risk management

Risk management by the Organization is carried out in relation to financial risks (credit, market, currency risks, liquidity and interest rate risks), as well as operational and legal risks. The risk assessment also provides the basis for optimal risk-based capital allocation, transaction pricing and performance evaluation. The management of the Organization should ensure that internal policies and procedures are properly followed in order to minimize operational and legal risks.

22.1 Credit risk

The entity takes on credit risk, which is the risk that a counterparty will not be able to pay in full when due. The Organization controls credit risk by setting limits on a single borrower or organizations of related borrowers, as well as on industry segments. The Organization regularly monitors such risks.

Credit risk. Expected Credit Loss Model and Fundamentals of Provisioning. The Organization applies an expected credit loss model for the purpose of provisioning financial debt instruments, the key principle of which is the timely recognition of deterioration or improvement in the credit quality of debt financial instruments, taking into account current and forward-looking information. The amount of expected credit losses recognized as a credit loss provision depends on the degree of deterioration in credit quality since the initial recognition of a debt financial instrument.

Depending on the change in credit quality since initial recognition, the Entity classifies financial instruments into one of the following stages:

- Stage 1 - "12-month expected credit losses" - Debt financial instruments for which there has not been a significant increase in credit risk, and for which 12-month expected credit losses are calculated.
- Stage 2 - Lifetime expected credit losses - unimpaired assets - Debt financial instruments with a significant increase in credit risk, but not impaired, for which lifetime expected credit losses are calculated.
- Stage 3 - "Lifetime expected credit losses - impaired assets" - impaired debt financial instruments.

For purchased or issued impaired financial assets, the credit loss provision is formed in the amount of the accumulated changes in expected credit losses over the life of the instrument from the date of purchase or origination.

Factors that indicate a significant increase in credit risk before the asset is recognized as impaired. The main factors indicating a significant increase in credit risk before an asset is recognized as impaired are:

- The presence of overdue debt to the Organization for a period of 31 to 90 days (inclusive);
- Significant changes in external and internal credit rating resulting from a change in credit risk since initial recognition;
- Deterioration of the internal rating to the level at which the Organization decides to refuse to provide a loan;
- Identification of events that can affect solvency (license revocation, lawsuits, violation of credit documentation conditions, etc.).

Key features of classifying a debt financial instrument as impaired (stage 3):

- the Borrower is more than 90 days past due on any debt owed to the Organization;
- Default restructuring of debt and/or financial liabilities related to operations in financial markets and expected insolvency;
- Other signs of insolvency, the identification of which leads to the assigning of a default to the borrower (bankruptcy of the borrower, the expected adoption by the borrower of a decision to liquidate or terminate activities, the probable non-payment of debt by the borrower, etc.).

Recovery of credit quality. An improvement in the credit quality of a borrower that has identified a significant increase in credit risk at prior reporting dates to Stage 1 risk is determined by assessing the change in credit risk at the reporting date from initial recognition.

Recovery of credit quality from an impaired level to the level of risk related to the first stage occurs when indicators of impairment disappear at the reporting date, and also if there are no factors at the reporting date that indicate a significant increase in credit risk.

Provisioning approach for acquired or issued impaired assets. To calculate the credit loss provision for impaired assets acquired or issued, the Organization estimates the cumulative changes in expected credit losses over the life of the instrument from the date of acquisition or issue.

A financial asset is considered to have been acquired or issued for an impaired asset when one or more events have occurred that have a negative effect on the estimated future cash flows of such financial asset, in particular, observable data about the following events at the time of acquisition or issuance:

- significant financial difficulties of the counterparty/issuer;
- violations of the terms of the contract, such as late payment;
- granting by a creditor an assignment to its counterparty/issuer due to economic reasons or contractual terms related to the financial difficulties of such counterparty/issuer and which the creditor would not have otherwise provided;
- the emergence of the likelihood of bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset as a result of the issuer's financial difficulties;
- the purchase or creation of a financial asset at a deep discount that reflects incurred credit losses.

Methods of valuation and method of forming a provision for credit losses. There are two methods for estimating expected credit losses: at the transaction level or at the counterparty level. Transaction-level valuation is used for all debt instruments, except for those in the Retail segment.

The counterparty-level valuation is used for all debt financial instruments within the Retail segment.

The main method of creating credit loss provisions, which is applied at the Organization's level, is the provisioning on a collective basis. It is mandatory for financial instruments that are not materially indebted or for which no significant increase in credit risk or impairment has been identified during the reporting period.

Provisioning of financial assets on an individual basis. The amount of provision for credit losses for each debt financial asset is based on an estimate of the weighted average expected credit losses under the considered scenarios.

- The number of scenarios considered and their weights are determined based on the methodology developed by the Organization, taking into account the available current as well as reasonable forecast information, however, the number of scenarios considered cannot be less than two (including the 100% loss scenario) and the probability of their implementation must be greater than zero.
- Estimating expected losses in an individual provisioning approach takes into account the time value of money, as well as reasonable information about past, current and forecast future economic conditions. The amount of a credit loss provision is determined as the difference between the gross carrying amount of a debt financial asset, before a credit loss provision at the measurement date, and its recoverable amount.

The recoverable amount is estimated using the discounted cash flow method, which is based on expected future payments on the debt financial asset (or other cash flows) using the effective interest rate as the discount rate. This assessment should take into account the following sources of cash receipts:

- free cash flows from operating activities;
- future amounts recoverable as a result of the sale of collateral;
- cash receipts from other sources - for example, as a result of legal proceedings (other than the sale of pledge) or bankruptcy proceedings.

Provisioning of financial assets on a collective basis. Credit loss provisions for debt financial assets are collectively assessed based on individual risk metrics (PD, LGD, EAD), which are assigned to each particular counterparty/issuer based on an analysis of financial and other information, and which are regularly monitored.

PD is the probability of default, determined on the basis of the risk segment and the internal rating (or delinquency organization) for the relevant period (12 months or the entire life of the instrument (Lifetime PD)). Values are determined based on internal models, as well as using migration matrices (Markov chains). Default probability calculations are adjusted to reflect forward-looking information. Probability of default (PD) indicators used by the Organization, using Moody's data for financial institutions as an example. For corporate data on the main sectors of the economy and individuals, data published on the official websites of state bodies, the Central Bank of the Republic of Uzbekistan (www.cbu.uz) and other sources are used. Data on the quality of the banks' loan portfolio of past periods, as well as current and expected changes in macroeconomic variables (for example, real GDP growth, inflation, growth in real disposable money income of the population, etc.) are used as forecast information. The impact of these economic variables on the probability of default is determined using statistical regression analysis and is calculated as the impact that these variables had on the default rate in the past. An entity estimates expected credit losses for a period of 12 months (Stage 1) or the entire life of the instrument, weighted by the probability of the scenarios. These probability-weighted ECLs are determined by calculating each scenario against the appropriate ECL model and multiplying them by the appropriate scenario weights.

The basic segmentation principle for determining the Probability of Default (PD) for provisioning purposes is that debt financial instruments with a similar risk profile should be assigned to the same portfolio with a similar level of risk. The risk segment is determined based on the characteristics of the counterparty/issuer, country of residence, size and business model.

LGD is the default loss rate, an estimated loss due to the occurrence of a default based on the difference in contractual cash flows receivable and cash flows that the lender expects to receive, including from collateral. Typically, this value is expressed as a percentage of EAD. Values are determined using models developed from internal statistics.

EAD is the amount of credit exposure at risk of default. Debt at the time of default is determined based on the expected payment schedule, which varies depending on the type of product. For products carried at amortized cost and lump-sum loans at the time of default, determined based on the contractual amounts payable by the borrower over a 12-month period or over the life of the financial instrument. This debt is also adjusted for the expected overpayment by the borrower. The calculation also includes prepayment or refinancing assumptions. For renewable products, debt at the time of default is projected by adding to the current balance of funds used a "credit conversion factor" that takes into account the expected use of the remaining limit at the time of default. These assumptions vary depending on the type of product, the current use of the limit and other behavioral characteristics of a particular borrower. Values are determined using models developed from internal statistics.

(in thousands of UZS)

Determination of the credit loss provision for credit related commitments. If the counterparty has current balance sheet debt, the assessment of credit loss provisions for credit related commitments is carried out in accordance with the approaches applied to provisioning the balance sheet debt of this counterparty, taking into account the credit conversion factor (CCF) determined both on the basis of statistical data and using Basel values . If the counterparty has only credit related commitments, credit loss provisions are assessed depending on the amount of the commitment, taking into account CCF, on an individual or collective basis.

Credit quality of financial instruments. The classification of financial assets into five categories of credit risk is a summary of the credit quality of financial assets covered by IFRS 9.

- "Minimum credit risk" means assets whose counterparties demonstrate a stable ability to meet financial obligations in a timely manner with an insignificant probability of default.
- "Low credit risk" means assets with counterparties that have a low probability of default and a high ability to meet financial obligations on time.
- "Medium credit risk" means assets with counterparties that have a moderate probability of default, demonstrate an average ability to meet financial obligations on time and require more careful attention at the monitoring stage.
- "High credit risk" – assets with counterparties that have a high probability of default require special attention at the monitoring stage.
- 'Default' means assets that have indications of impairment that meet the definition of default.

22.2 Market risk

The Organization assumes market risk associated with open positions in interest rate, currency and equity instruments that are exposed to general and specific market movements.

The objective of market risk management is to control that exposure to market risk does not go beyond acceptable parameters, while ensuring the optimization of the return received for the risk taken.

22.3 Geographic risk

The following is an analysis of the geographical concentration of the Organization's financial assets and liabilities as at 31 December 2024:

	Uzbekistan	OECD and FATF member countries	Other countries	Total
Financial assets				
Cash and cash equivalents	3 966 573	-	-	3 966 573
Due from banks	3 007	-	-	3 007
Microcredits	88 531 286	-	-	88 531 286
Total financial assets	**92 500 866**	**-**	**-**	**92 500 866**
Financial liabilities				
Other borrowings	-	21 462 497	31 383 352	52 845 849
Other financial liabilities	16 208 425	-	-	16 208 425
Total financial liabilities	**16 208 425**	**21 462 497**	**31 383 352**	**69 054 274**
Net financial assets/(liabilities)	**76 292 441**	**(21 462 497)**	**(31 383 352)**	**23 446 592**

(in thousands of UZS)

The following is an analysis of the geographical concentration of the Organization's financial assets and liabilities as at 31 December 2023:

	Uzbekistan	OECD and FATF member countries	Other countries	Total
Financial assets				
Cash and cash equivalents	18 520 469	-	-	18 520 469
Microcredits	49 177 501	-	-	49 177 501
Total financial assets	**67 697 970**	**-**	**-**	**67 697 970**
Financial liabilities				
Other borrowings	-	12 326 052	12 214 827	24 540 880
Other financial liabilities	7 651 892	-	-	7 651 892
Total financial liabilities	**7 651 892**	**12 326 052**	**12 214 827**	**32 192 772**
Net financial assets/(liabilities)	**60 046 078**	**(12 326 052)**	**(12 214 827)**	**35 505 198**

22.4 Currency risk

The table below provides a general analysis of the Organization's currency risk as at the end of the reporting period:

	Monetary financial assets	Monetary financial obligations	Net balance position
2024			
UZS	92 500 866	33 865 230	58 635 636
USD	-	23 026 457	(23 026 457)
EUR	-	12 162 587	(12 162 587)
Total	**92 500 866**	**69 054 274**	**23 446 592**
2023			
UZS	67 783 143	7 097 774	60 685 369
USD	-	24 540 880	(24 540 880)
Total	**67 783 143**	**31 638 654**	**36 144 489**

The entity accepts the risk associated with the effect of fluctuations in foreign currency exchange rates on its financial position and cash flows. The Management sets limits on the level of risk accepted by currency and in general, both at the end of each day and within one day, and monitors compliance with them daily. The Organization's Treasury measures its foreign exchange risk by analyzing its net foreign exchange position denominated in the same currency and analyzes the effect of appreciation/depreciation of the same currency in relation to the Uzbek Som on the Organization's profit and loss.

The table below sets forth the changes in financial result and comprehensive income because of possible changes in exchange rates used at the end of the reporting period, with all other conditions remaining constant. A reasonably possible change in the exchange rate for each currency is determined based on the maximum fluctuation limits of rates changed by 10% compared to the current ones.

	31 December 2024	31 December 2023
US dollar strengthens by 10%	(2 302 646)	(2 454 088)
US dollar weakens by 10%	2 302 646	2 454 088
EUR strengthens by 10%	(1 216 259)	-
EUR dollar weakens by 10%	1 216 259	-

The risk was calculated only for cash balances in currencies other than the functional currency of the Organization.

(in thousands of UZS)

22.5 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations. The organization does not accumulate funds in case it is necessary to fulfill all the above obligations at a time, since, based on the accumulated work experience, it is possible to predict with a sufficient degree of accuracy the level of funds necessary to fulfill these obligations.

The table below shows the maturity analysis of non-derivative financial assets carried at carrying amount based on contractual maturities, excluding assets that can be easily realized if cash outflows associated with financial liabilities become necessary. Such financial assets are included in the maturity analysis based on the expected date of disposal. Impaired loans and borrowings are included in the table at carrying amount less provision for impairment and based on the expected timing of cash inflows.

The analysis of liquidity risk and interest rate risk as of 31 December 2024 is presented in the following table:

	On demand and less than 1 month	From 1 to 3 months	From 3 months to 1 year	More than 1 year	Total
Financial assets					
Cash and cash equivalents	4	-	-	3 089	3 093
Microcredits	6 952 325	8 210 983	36 949 425	36 418 553	88 531 286
Total financial assets on which interest accrues	**6 952 329**	**8 210 983**	**36 949 425**	**36 421 642**	**88 534 379**
Cash and cash equivalents	3 966 573	-	-	-	3 966 573
Total financial assets	**10 918 816**	**8 210 983**	**36 949 425**	**36 421 642**	**92 500 866**
Financial liabilities					
Other financial liabilities	2 309 992	-	2 110 791	11 787 642	16 208 425
Other borrowings	1 259 409	2 467 699	37 819 371	11 299 370	52 845 849
Total financial obligations on which interest accrues	**3 569 401**	**2 467 699**	**39 930 162**	**23 087 012**	**69 054 274**
Total financial liabilities	**3 569 401**	**2 467 699**	**39 930 162**	**23 087 012**	**69 054 274**
Difference between financial assets and liabilities	7 349 415	5 743 284	(2 980 737)	13 334 630	23 446 592
Difference between financial assets and liabilities that earn interest	3 382 928	5 743 284	(2 980 737)	13 334 630	19 480 105
Difference between financial assets and liabilities on which interest accrues, cumulatively	**3 382 928**	**9 126 212**	**6 145 475**	**19 480 105**	
Difference between financial assets and liabilities on which interest accrues, as a percentage of total assets, cumulative totals	3,66%	9,87%	6,64%	21,06%	

(in thousands of UZS)

The analysis of liquidity risk and interest rate risk as of 31 December 2023 is presented in the following table:

	On demand and less than 1 month	From 1 to 3 months	From 3 months to 1 year	More than 1 year	Total
Financial assets					
Cash and cash equivalents	15 857 084	-	-	-	15 857 084
Microcredits	1 177 921	2 760 492	15 162 599	30 076 489	49 177 501
Total financial assets on which interest accrues	**17 035 005**	**2 760 492**	**15 162 599**	**30 076 489**	**65 034 585**
Cash and cash equivalents	2 663 385	-	-	-	2 663 385
Total financial assets	**19 698 390**	**2 760 492**	**15 162 599**	**30 076 489**	**67 697 970**
Financial liabilities					
Other financial liabilities	526 765	60 741	273 333	6 791 054	7 651 892
Other borrowings	65 424	-	5 802 161	18 673 295	24 540 880
Total financial obligations on which interest accrues	**592 188**	**60 741**	**6 075 494**	**25 464 349**	**7 651 892**
Total financial liabilities	**592 188**	**60 741**	**6 075 494**	**25 464 349**	**7 651 892**
Difference between financial assets and liabilities	19 106 202	2 699 751	9 087 105	4 612 140	60 046 078
Difference between financial assets and liabilities that earn interest	16 442 817	2 699 751	9 087 105	4 612 140	57 382 693
Difference between financial assets and liabilities on which interest accrues, cumulatively	**16 442 817**	**19 142 568**	**28 229 673**	**32 841 813**	
Difference between financial assets and liabilities on which interest accrues, as a percentage of total assets, cumulative totals	24,29%	28,28%	41,70%	48,51%	

22.6 Interest rate risk

The entity accepts the risk associated with the effect of fluctuations in market interest rates on its financial position and cash flows. Such fluctuations may increase the level of interest margins, but if there is an unexpected change in interest rates, the interest margin may also decrease or cause losses.

The organization is exposed to interest rate risk, primarily as a result of its activities in providing loans at fixed interest rates in amounts and for periods that differ from the amounts and terms of raising funds at fixed interest rates. In practice, interest rates are usually set for a short period. In addition, interest rates fixed in the terms of contracts for both assets and liabilities are often revised by mutual agreement in accordance with the current market situation.

The Organization monitors interest rates on financial instruments. The table below shows interest rates on financial instruments as of the reporting date:

	2024			2023	
	UZS	USD	EUR	UZS	USD
Financial assets					
Cash and cash equivalents	-	-	-	1%	-
Due from banks	18%	1%	-	-	-
Microcredits	32%-58%	-	-	32%-58%	-
Financial liabilities					
Other borrowings	25,87%-26,4%	9%-10,75%	0%-10,5%	-	9%-10,75%

(in thousands of UZS)

23 Segment Information

The main format for providing information on the segments of the Organization's activities is the presentation of information on operating segments, auxiliary - on geographical segments.

All operations and services are related to the clients of the Republic of Uzbekistan. All clients of the Organization are residents of the Republic of Uzbekistan.

23.1 Operating segments

The Organization operates through two main operating segments:

- Individuals
- Legal entities
- Individual entrepreneurs

Transactions between operating segments are carried out on normal commercial terms. The funds are reallocated between the segments, which leads to a reallocation of financing costs, taken into account in the calculation of operating income. Interest accruing on these funds is calculated on the basis of the Organization's cost of capital. There are no other material income or expenses arising from transactions between operating segments. Segment assets and liabilities represent assets and liabilities that make up the majority of the balance sheet but exclude items such as taxation of borrowings. Internal costs and transfer pricing adjustments are included in the respective segment results. Revenue sharing agreements are used to fairly allocate revenue received from external customers between segments.

The table below provides information on the segment concentration of assets and liabilities as at 31 December 2024:

	Individuals	Legal entities	Individual entrepreneurs	Unallocated	Total
Financial assets					
Cash and cash equivalents	-	-	-	3 966 573	3 966 573
Due from banks	-	-	-	3 007	3 007
Microcredits	11 405 587	20 633 745	56 491 954	-	88 531 286
Total financial assets	**11 405 587**	**20 633 745**	**56 491 954**	**3 969 580**	**92 500 866**
Financial liabilities					
Other borrowings	-	-	-	52 845 849	52 845 849
Other financial liabilities	-	-	-	16 208 425	16 208 425
Total financial liabilities	**-**	**-**	**-**	**69 054 274**	**69 054 274**
Net financial assets/(liabilities)	**11 405 587**	**20 633 745**	**56 491 954**	**(65 084 694)**	**23 446 592**

The table below provides information on segment concentration of assets and liabilities as at 31 December 2023:

	Individuals	Legal entities	Individual entrepreneurs	Unallocated	Total
Financial assets					
Cash and cash equivalents	-	-	-	18 520 469	18 520 469
Due from banks	2 697 186	12 900 028	33 580 287	-	49 177 501
Microcredits	**2 697 186**	**12 900 028**	**33 580 287**	**18 520 469**	**67 697 970**
Total financial assets					
Financial liabilities	-	24 540 880	-	-	24 540 880
Other financial liabilities	-	-	-	7 651 892	7 651 892
Total financial liabilities	**-**	**24 540 880**	**-**	**7 651 892**	**32 192 772**
Net financial assets/(liabilities)	**2 697 186**	**(11 640 852)**	**33 580 287**	**10 868 577**	**35 505 198**

Approved and signed on behalf of the management of the Organization:

MIKROMOLIYA TASHKILOTI OASISCREDIT

Guseynov M.A.
General Director

Rustamova F.Y.
Chief Accountant

07 July 2025