

Joint stock commercial mortgage bank "Ipoteka-bank" and its subsidiaries

Consolidated Financial Statements
and Independent Auditors' Report

For the Year Ended 31 December 2024

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries

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Joint Stock Commercial Mortgage Bank "Ipoteka Bank" and its subsidiaries

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of JSCMB "Ipoteka Bank" ("the Bank") and its subsidiaries (collectively – "the Group") as at 31 December 2024 and the related consolidated financial performance and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

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

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

Management is also responsible for:

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

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved by the Management Board on 24 April 2025.

On behalf of the Management Board:



Sandro Rtveldze
Chairman of the Management Board



24 April 2025
Tashkent, Uzbekistan



Elyor Normetov
Chief Accountant

24 April 2025
Tashkent, Uzbekistan



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Independent auditor's report

To the Shareholders and Board of Directors of Joint Stock Commercial Mortgage Bank "Ipoteka Bank"

Report on the audit of the consolidated financial statements

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Key audit matter

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

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

Key audit matter	How our audit addressed the key audit matter
<p>Expected credit losses on loans to customers</p> <p>Assessment of expected credit losses ("ECL") on loans to customers based on the requirements of IFRS 9 Financial Instruments ("IFRS 9") is a key area of management's judgment.</p> <p>The assessment of such indicators as probability of default and loss given default, macroeconomic indicators, as well as identification of defaults or significant increase in credit risk since initial recognition of loan to customers involve significant professional judgment and use of assumptions.</p> <p>The calculation of ECL involves the use of estimation methods with unobservable inputs, including the determination of the probability of default, the exposure at default and loss given default on the basis of available historical data, adjusted for forecast information, including forecast macroeconomic parameters.</p> <p>The use of different models and assumptions can lead to significantly different estimates of the allowance for ECL for loans to customers. Due to the significance of the carrying amount of loans to customers for the Group's financial position, as well as the complexities and judgments associated with the assessment of ECL, we considered this area a key audit matter.</p> <p>Information on the allowance for ECL and the management's approach to assessing the</p>	<p>Our audit procedures included evaluating the methodology developed by the Group for the calculation of ECL on loans to customers, testing of input data used for the calculation of ECL, testing controls over the customer lending process, including testing design and operating effectiveness of internal controls, including IT general controls and controls over identification of overdue debts and procedures for assessing events that cause a significant increase in credit risk for borrowers. We have analysed the consistency of judgments applied by the Group's management in calculating the allowance for ECL in different periods.</p> <p>We tested information produced by the Group and used in development of assumptions in the calculation of ECL. We analysed indicators such as default, significant increase in credit risk, probability of default, loss given defaults, recoveries and macroeconomic indicators, which directly affect the amounts of ECL on loans and advances to customers.</p> <p>For allowance calculated on a portfolio basis, we evaluated, with the support of our internal specialists, the underlying models, key inputs and assumptions used by the Group to calculate ECL, as well as the allocation of loans to the stages. We assessed the management's judgement in relation to the determination of whether significant increase in credit risk has</p>



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allowance and managing credit risk is disclosed in Notes 6 and 9 to the consolidated financial statements.

occurred on an individual basis. For the selected sample of credit impaired loans, we have analysed the expected cash flows from the sale of collateral and cash repayment. We recalculated the allowance for ECL.

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

Other information included in The Group's 2024 Annual Report

Other information consists of the information included in Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Group's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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



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

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

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

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

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



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

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

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

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

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

- whether as at 31 December 2024 the Bank complied with prudential ratios established by the Central Bank of the Republic of Uzbekistan;
- whether the elements of the Bank's internal control and organization of its risk management systems comply with the requirements established by the Central Bank of the Republic of Uzbekistan.

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

Our findings from the procedures performed are reported below.

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

We have not performed any procedures on the accounting records maintained by the Group, other than those which we considered necessary to enable us to express an opinion as to whether the Group's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs.



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

- as at 31 December 2024, the Bank's internal audit function was subordinated to, and reported to, the Board of Directors, and the risk management function was not subordinated to, and did not report to, divisions taking relevant risks;
- the frequency of reports prepared by the Bank's internal audit function during 2024 was in compliance with the requirements of the Central Bank of the Republic of Uzbekistan. The reports were approved by the Board of Directors and included observations made by the Bank's internal audit function in respect of internal control systems;
- as at 31 December 2024, the Bank established Information security function, and the information security policy was approved by the Bank's management board. Information security function was subordinated to and reported directly to the Chairman of the management board;
- reports by the Bank's Information security function to the Chairman of the management board during 2024 included assessment and analysis of information security risks, and results of actions to manage such risks;
- the Bank's internal documentation, effective on 31 December 2024, establishing the procedures and methodologies for identifying and managing credit risk, market risk, liquidity risk, operational risk, country risk, legal risk, reputational risk, fraud risk (hereinafter "significant risks"), and for stress-testing, was approved by the authorised management bodies of the Bank;
- as at 31 December 2024, the Bank maintained a system for reporting on the Bank's significant risks, and on the Bank's capital;
- the frequency of reports prepared by the Bank's risk management and internal audit functions during 2024, which cover the Bank's significant risks management, was in compliance with the Bank's internal documentation. The reports included observations made by the Bank's risk management and internal audit functions as to their assessment of the Bank's significant risks and risk management system, and recommendations for improvement;
- as at 31 December 2024, the Board of Directors and Executive Management of the Bank had responsibility for monitoring the Bank's compliance with the risk limits and capital adequacy ratios established in the Bank's internal documentation. In order to monitor the effectiveness of the Bank's risk management procedures and their consistent application during 2024, the Board of Directors and executive management bodies of the Bank periodically discussed the reports prepared by the risk management and internal audit functions, and considered the proposed corrective actions.



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

The partner in charge of the audit resulting in this independent auditor's report is Anvarkhon Azamov.

Tashkent, Uzbekistan
24 April 2025

FE Audit Company "Ernst & Young" LLC

FE Audit Company «Ernst & Young» LLC

Certificate authorizing audit of banks registered by the Central Bank of the Republic of Uzbekistan Under #11 dated 22 July 2019

A. Azamov

Anvarkhon Azamov

Engagement partner / Qualified auditor

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

Joint Stock Commercial Mortgage Bank "Ipoteka Bank" and its subsidiaries
Consolidated Statement of Financial Position as at 31 December 2024

<i>In millions of Uzbekistan Soums</i>	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	7	9,089,717	5,628,503
Due from other banks	8	2,628,011	1,382,867
Loans and advances to customers	9	32,316,421	33,636,748
Debt securities at amortized cost	10	4,688,698	2,417,907
Financial assets at fair value through other comprehensive income	11	44,259	6,811
Investment in associates	11	–	36,391
Premises, equipment and intangible assets	12	819,163	375,115
Right-of-use assets		24,090	22,448
Non-current assets held for sale	13	194,356	131,956
Current income tax prepayment		116,873	21,622
Deferred tax asset	29	217,013	433,171
Other financial assets	14	7,419	16,145
Other non-financial assets	15	365,220	464,240
TOTAL ASSETS		50,511,240	44,573,924
LIABILITIES			
Due to other banks	16	251,379	1,125,308
Customer accounts	17	17,855,389	12,212,201
Debt securities in issue	18	5,297,811	4,529,458
Lease liabilities		26,413	24,422
Borrowings from government, state and international financial institutions	19	19,849,278	20,608,321
Subordinated debt	20	584,684	632,159
Other financial liabilities	21	16,137	222,082
Other non-financial liabilities	21	365,610	245,930
TOTAL LIABILITIES		44,246,701	39,599,881
EQUITY			
Share capital	23	3,832,584	3,832,584
Additional paid-in capital		75,750	75,750
Retained earnings		2,349,095	1,062,040
Revaluation reserve of financial assets at fair value through other comprehensive income		7,110	3,669
TOTAL EQUITY		6,264,539	4,974,043
TOTAL LIABILITIES AND EQUITY		50,511,240	44,573,924

Approved for issue and signed on behalf of the Management Board on 24 April 2025.

(Signature)

Sandro Rtveldadze
Chairman of the Management Board



(Signature)
Elyor Normetov
Chief Accountant

Joint Stock Commercial Mortgage Bank "Ipoteka Bank" and its subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended
31 December 2024

<i>In millions of Uzbekistan Soums</i>	Notes	2024	2023
Interest income	25	7,059,415	5,957,744
Other interest income	25	29,872	27,048
Interest expense	25	(3,389,071)	(2,612,804)
Net interest income before charge for expected credit losses		3,700,216	3,371,988
Charge for credit losses on loans and advances to customers	9	(1,048,658)	(4,275,441)
Net interest income after charge for expected credit losses		2,651,558	(903,453)
Fee and commission income	26	432,495	422,038
Fee and commission expense	26	(116,282)	(87,562)
Net gain from trading in foreign currencies		210,375	165,931
Net loss from foreign exchange translation		(610)	(3,633)
Dividend income		1,787	336
Recovery of impairment charge on other financial assets and contingencies	6	6,393	4,617
Impairment charge of other non-financial assets and assets held for sale		(63,352)	(12,210)
Other operating income	27	130,127	134,877
Administrative and other operating expenses	28	(1,752,623)	(1,433,847)
Share of profit of associates		6,967	6,213
Profit/(loss) before tax		1,506,835	(1,706,693)
Income tax (expense)/benefit	29	(219,780)	91,077
Profit/(loss) for the period		1,287,055	(1,615,616)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value adjustment on financial assets at fair value through other comprehensive income		4,301	1,175
Tax effect of the fair value adjustment on financial assets	29	(860)	(235)
Total other comprehensive income for the period		3,441	940
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		1,290,496	(1,614,676)
Attributable to			
- shareholders of the Bank		1,290,496	(1,614,676)
- non-controlling interests		-	-
Total basic and diluted earnings/(loss) per ordinary share (expressed in UZS per share)	24	0.33	(0.54)

Approved for issue and signed on behalf of the Management Board on 24 April 2025.



Sandro Rtveldze
Chairman of the Management Board




Elyor Normetov
Chief Accountant

Joint Stock Commercial Mortgage Bank "Ipoteka Bank" and its subsidiaries
Consolidated statement of changes in equity for the year ended 31 December 2024

In millions of Uzbekistan Soums	Attributable to owners of the Bank					Total equity
	Share capital	Additional paid-in capital	Retained earnings	Revaluation reserve of financial assets at fair value through other comprehensive income		
1 January 2024	3,832,584	75,750	1,062,040	3,669		4,974,043
Net profit for the period	-	-	1,287,055	-		1,287,055
Other comprehensive income for the period	-	-	-	3,441		3,441
Total comprehensive income for the period	-	-	1,287,055	3,441		1,290,496
31 December 2024	3,832,584	75,750	2,349,095	7,110		6,264,539



Approved for issue and signed on behalf of the Board of Management on 24 April 2025.

[Signature]

Sandro Rtveldadze
 Chairman of the Management Board

[Signature]
 Elyor Normetov
 Chief Accountant

Joint Stock Commercial Mortgage Bank "Ipoteka Bank" and its subsidiaries
Consolidated statement of changes in equity for the year ended 31 December 2024

In millions of Uzbekistan Soums	Attributable to owners of the Bank					Total equity
	Note	Share capital	Additional paid-in capital	Retained earnings	Revaluation reserve of financial assets at fair value through other comprehensive income	
1 January 2023		2,987,950	-	2,677,656	2,729	5,668,335
Net loss for the period		-	-	(1,615,616)	-	(1,615,616)
Other comprehensive income for the period		-	-	-	940	940
Total comprehensive loss for the period		-	-	(1,615,616)	940	(1,614,676)
Gain on initial recognition on subordinated debt received from Government	20	-	75,750	-	-	75,750
Ordinary shares issued	23	844,634	-	-	-	844,634
31 December 2023		3,832,584	75,750	1,062,040	3,669	4,974,043

Joint Stock Commercial Mortgage Bank "Ipoteka Bank" and its subsidiaries
Consolidated Statement of Cash Flows for the year ended 31 December 2024

<i>In millions of Uzbekistan Soums</i>	Notes	2024	2023
Cash flows from operating activities			
Interest received		6,678,875	5,056,293
Interest paid		(3,252,677)	(2,532,510)
Fees and commissions received		442,640	405,040
Fees and commissions paid		(116,282)	(87,562)
Insurance operations income received		106,251	85,404
Insurance operations expense paid		(68,415)	(47,988)
Income received from trading in foreign currencies		210,375	165,932
Other operating income received		4,730	36,757
Staff costs paid		(1,061,476)	(918,851)
Administrative and other operating expenses paid		(327,484)	(554,613)
Income tax paid		(99,732)	(214,359)
Cash flows from operating activities before changes in operating assets and liabilities		2,516,805	1,393,543
Net (increase)/decrease in due from other banks		(1,140,444)	693,200
Net decrease/(increase) in loans and advances to customers		832,141	(3,772,829)
Net decrease in other financial assets		-	26,583
Net (increase)/decrease in other non-financial assets		(272)	17,599
Net decrease in due to other banks		(878,146)	(843,698)
Net increase/(decrease) in customer accounts		5,528,438	(644,291)
Net (decrease)/increase in other financial liabilities		(205,945)	212,945
Net increase/(decrease) in other non-financial liabilities		89,816	(40,461)
Net cash flows from/(used in) operating activities		6,742,393	(2,957,409)
Cash flows from investing activities			
Purchase of premises, equipment and intangible assets		(610,757)	(163,710)
Proceeds from disposal of premises, equipment and intangible assets		6,520	17,045
Sale of financial assets at fair value through other comprehensive income		-	1
Purchase of financial assets at fair value through other comprehensive income		(6,589)	-
Purchase of debt securities at amortized cost		(7,458,125)	(10,489,827)
Repayment of debt securities at amortized cost		5,121,083	12,043,789
Dividend income received		1,786	336
Net cash flows (used in)/from investing activities		(2,946,082)	1,407,634
Cash flows from financing activities			
Issue of ordinary shares		-	844,634
Proceeds from borrowings from government, state and international financial institutions	22	4,451,974	5,867,591
Repayment of borrowings from government, state and international financial institutions	22	(5,388,068)	(5,003,757)
Proceeds from issue of debt securities	22	1,362,140	-
Repayment of debt securities in issue	22	(785,000)	(6,936)
Proceeds from Subordinated debt	22	-	259,485
Repayment of Subordinated debt	22	(69,264)	-
Net cash flows (used in)/from financing activities		(428,218)	1,961,017
Effect of exchange rate changes on cash and cash equivalents		93,007	147,282
Allowance for expected credit losses		114	(199)
Net increase in cash and cash equivalents		3,461,214	558,325
Cash and cash equivalents at the beginning of the year	7	5,628,503	5,070,178
Cash and cash equivalents at the end of the year	7	9,089,717	5,628,503

Approved for issue and signed on behalf of the Management Board on 24 April 2025.


 Sandro Rtveldze
 Chairman of the Management Board




 Elyor Normetov
 Chief Accountant

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

1. Introduction

The Bank is a Joint Stock Company limited by shares and was set up in accordance with the regulations of the Republic of Uzbekistan (“Uzbekistan”).

The Bank operates in Uzbekistan and was founded by the Decree of the President of the Republic of Uzbekistan #PP-10 dated 16 February 2005. The Bank was established by merging two banks – State Joint Stock Housing Savings Bank “Uzjilsberbank” and State Joint Stock Mortgage Bank “Zamin”. The Bank is registered in Uzbekistan to carry out banking and foreign exchange activities and has operated under the banking license #74 reissued by the Central bank of Uzbekistan (the “CBU”) on 25 December 2021.

In September 2021, OTP Bank Group (Hungary) signed a memorandum with the Ministry of Economy and Finance of the Republic of Uzbekistan on the purchase of the majority shares of JSCMB "Ipoteka bank". On 12 December 2022, the signing of an agreement between the Ministry of Economy and Finance of Uzbekistan and the OTP Bank Group (Hungary) on the purchase of the JSCMB "Ipoteka bank" was announced. On 13 June 2023, the first stage of the purchase of the bank was completed, OTP Bank bought 73.71% of the shares of JSCMB "Ipoteka bank" belonging to the Ministry of Economy and Finance of the Republic of Uzbekistan with the remaining 25% to be purchased within 3 years. From this date, Ipoteka Bank officially became a member of OTP Bank Group.

On 25 December 2023 OTP bank increased its share of the capital in the Bank by issuing additional ordinary shares of 844,633 million.

Principal activity. The Bank’s principal activity is commercial banking and retail banking, operations with securities, foreign currencies and trade financing. The Bank accepts deposits from legal entities and individuals and makes loans, transfers payments in Uzbekistan and abroad. The Bank conducts its banking operations from its head office in Tashkent and 39 branches within Uzbekistan as at 31 December 2024 (31 December 2023: 39 branches).

Registered address and place of business. The Bank’s registered address is: Shahrizabz Street 30, Tashkent, 100000, Uzbekistan.

Presentation currency. These consolidated financial statements are presented in millions of Uzbekistan Soums (“UZS millions”).

Shareholders. As at 31 December 2024 and 2023, the interest of the shareholders in the Bank’s share capital was as follows:

	31 December 2024	31 December 2023
OTP Bank Plc.	79.6%	79.6%
Ministry of Economy and Finance of the Republic of Uzbekistan	19.1%	19.1%
Others	1.3%	1.3%
Total	100%	100%

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

1. Introduction (continued)

Subsidiaries and associates. As at 31 December 2024 and 2023, the Bank’s subsidiaries and associates comprised the following:

Name	Ownership		Year of incorporation	Industry	Country
	31 December 2024	31 December 2023			
<i>Bank’s direct interest in subsidiaries:</i>					
Ipoteka Leasing LLC	100%	100%	2017	Leasing	Uzbekistan
JSC Imkon-sug’urta	100%	100%	2019	Insurance	Uzbekistan
<i>Bank’s interest in associates:</i>					
JSC “Mortgage Refinancing Company of Uzbekistan”	-	20%	2020	Investment	Uzbekistan

The subsidiaries controlled by the Group are consolidated in these financial statements.

On 15 June 2024, the Group’s ownership stake in the share capital of JSC “Mortgage Refinancing Company of Uzbekistan” was reduced from 20% to 3.5% due to the issuance of additional shares by the company. As a result, the Group’s investment in the company was reclassified from an associate to an equity investment, measured at fair value through other comprehensive income.

2. Operating Environment of the Group

Republic of Uzbekistan. Uzbekistan economy displays characteristics of an emerging market, including but not limited to, a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets. Also, the banking sector in Uzbekistan is particularly impacted by local political, legislative, fiscal and regulatory developments. The largest Uzbek banks are state-controlled and act as an arm of Government to develop the country’s economy. The Government distributes funds from the country’s budget, which flow through the banks to various government agencies, and other state-and privately-owned entities.

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

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

3. Material accounting policy information

General. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by IASB under the historical cost convention except for financial assets at fair value through other comprehensive income, as modified by the initial recognition and subsequent measurement of some financial instruments based on fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented except for adaption of new standards and interpretations as discussed below.

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

These consolidated financial statements have been prepared on the assumption that the Group will continue to operate as a going concern for the foreseeable future.

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

Due from other banks. Amounts due from other banks are recorded when the Group advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Amounts due from other banks are carried at amortised cost.

3. Material accounting policy information (continued)

Debt securities at amortised cost. Debt securities of the Government of the Republic of Uzbekistan are classified as debt securities at amortised cost under IFRS 9, since the Group holds them for long-term investment purposes, the “hold to collect” business model and the cash flow characteristics assessments.

Premises and equipment. Premises and equipment are stated at cost, restated to the equivalent purchasing power of the Uzbekistan Soum at 31 December 2006 for assets acquired prior to 1 January 2007, less accumulated depreciation and provision for impairment, where required.

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

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

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

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

	Useful lives in years
Building and premises	20-25
Office and computer equipment	5-10
Motor vehicles	5

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

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

Repossessed collateral. Repossessed collateral represents financial and non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment and other financial assets within other assets depending on their nature and the Group’s intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

Accounting for leases

Leases. The Group recognizes right-of-use assets and lease liabilities in respect of leases previously classified as operating leases, except for short-term leases and leases where the underlying asset is of low value.

Right-of-use assets

The Group recognizes right-of-use assets from the date of lease commencement (i.e. from the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment taking into account revaluation of lease liabilities. The value of the right-of-use assets includes the amount of the recognized lease liabilities and lease payments made at or before the commencement of the lease, any initial direct costs incurred by the lessee in connection with the conclusion of the lease agreement. The Group does not apply materiality to the amount of initial direct costs incurred by the lessee. If it is not reasonably certain that the Group will obtain ownership of the leased asset at the end of the lease term, recognized right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term.

3. Material accounting policy information (continued)

Lease liabilities

Upon inception of lease the Group recognizes lease liability at the present value of lease payments to be made during the lease term. Lease payments include fixed payments (including substantive fixed payments) less incentive payments, variable lease payments based on an index or rate and amounts expected to be paid at the residual value guarantee, and termination penalties if the lease term reflects the lessee's potential exercise of the termination option. Variable lease payments that are not dependent on an index or rate are recognized as expenses in the period in which the event or condition giving rise to such payments occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the inception of the lease if the interest rate implicit in the lease agreement cannot be easily determined. The amount of lease liabilities after the date of lease commencement is increased to reflect interest accrued and decreased to reflect lease payments made. In addition, the carrying amount of lease liabilities is revalued when the agreement is modified or the lease term is changed or the fixed lease payments are changed substantially or the value is changed for the purpose of obtaining the underlying asset.

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

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

Debt securities in issue. Debt securities in issue include promissory notes, bonds, certificates of deposit and debentures issued by the Group. Debt securities are stated at amortised cost. If the Group purchases its own debt securities in issue, they are removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains arising from early retirement of debt.

Subordinated debt. Subordinated debt is measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. As per the requirements of the CBU, subordinated debt must meet the following criteria:

- In the event of bankruptcy or liquidation of the Bank, repayment of these debts is subordinate to the repayment of the Bank's liabilities to all other creditors;
- These debts should not be secured by a pledge;
- The initial contractual maturity must be more than 5 years;
- Consent of the CBU is required for early repayments.

Borrowings from government, state and international financial institutions. These borrowings are carried at amortised cost.

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

Derivative financial instruments. Derivative financial instruments, including foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, and currency and interest rate options are carried at their fair value. All derivative instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year (gains less losses on derivatives). The Group does not apply hedge accounting.

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

At the end of each reporting period, the commitments are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the commitment at the end of each reporting period.

3. Material accounting policy information (continued)

Income taxes. Income taxes have been provided in the financial statements in accordance with Uzbekistan legislation enacted or substantively enacted by the reporting date. The income tax charge comprises current tax and deferred tax and is recognised in the consolidated statement of profit or loss and other comprehensive income unless it is recognised directly in equity because it relates to transactions that are also recognised, in the same or a different period, directly in equity.

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

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

Deferred tax assets and liabilities are netted only within the individual branches of the Group.

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

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

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

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

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

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Loan syndication fees are recognised as income when the syndication has been completed and the Group retains no part of the loan package for itself or retains a part at the same effective interest rate as for the other participants.

Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, and which are earned on execution of the underlying transaction, are recorded on its completion.

For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e., the gross carrying amount less the allowance for expected credit losses).

Foreign currency translation. The functional currency of the Bank and its subsidiaries is the national currency of the Republic of Uzbekistan, Uzbek Soum (“UZS”), which is the currency of the primary economic environment in which the Bank and its subsidiaries operate and is also the presentation currency of these consolidated financial statements.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

3. Material accounting policy information (continued)

Monetary assets and liabilities are translated into Group’s functional currency at the official exchange rate of the Central Bank of Uzbekistan at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into Group’s functional currency at year-end official exchange rates of the CBU, are recognised in profit or loss for the year (as foreign exchange translation gains less losses). Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

The results and financial position of each group entity are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the respective reporting period;
- (ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- (iii) components of equity are translated at the historic rate; and
- (iv) all resulting exchange differences are recognised in other comprehensive income.

Exchange rates for the currencies in which the Group transacts were as follows:

Closing exchange rates – [UZS]	31 December 2024	31 December 2023
1 USD	12,920.48	12,338.77
1 EUR	13,436.01	13,731.82
Average exchange rates for the year ended 31 December - [UZS]	2024	2023
1 USD	12,659.56	11,741.89
1 EUR	13,684.42	12,697.70

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

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

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

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

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

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

Models and assumptions used

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

Significant increase of credit risk

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

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

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

The key inputs used for measuring ECL are:

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

Probability of default

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

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

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

Loss Given Default

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

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

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

Exposure at Default

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

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Tax legislation

Uzbekistan tax, currency and customs legislation are subject to varying interpretations. Refer to Note 29.

Borrowings from government, state and international financial institutions

The borrowings from the Ministry of Economy and Finance of the Republic of Uzbekistan, the CBU and the Fund for Reconstruction and Development of the Republic of Uzbekistan were issued to the Group for financing the state business, agro-industrial and other state development programs under the Government Orders. Contractual interest rates on the loans mentioned are lower than average market interest rates. In connection with the direct usage of borrowed loan funds for loan issue the management believes that the contractual interest rates are market rates for such loans, and therefore the Group initially recognizes such financial instruments at fair value, which is equal to the nominal value.

Deferred income tax asset recognition

The recognised deferred tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded in the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances. Key assumptions in the business plan include whether the Group is expecting to achieve stable growth in net profit during following years.

5. Changes in accounting policies and disclosures

New and amended standards

The following amendments to existing IFRS accounting standards became effective for annual periods beginning on 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1;
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16;
- Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

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

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

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

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

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

5. Changes in accounting policies and disclosures (continued)

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

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

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

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

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

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

Standards issued but not yet effective

New and amended standards and interpretations that are issued but not yet effective are being assessed by the Group to determine the impact on the consolidated financial statements. As explained above, this would include standards and amendments that would already be effective based on the new standard or amendment, but the local endorsement is still in progress or has resulted in a later effective date.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date;
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments;
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments.

With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Group is currently performing an assessment of all material electronic payment systems utilized in the various jurisdictions it operates, in order to assess whether the amendments will result in a material change with respect to current practices and whether it meets the conditions to apply the accounting policy option to derecognize such financial liabilities before the settlement date. Moreover, the Group is reviewing all its other payment systems (such as cheques, credit cards, debit cards) to ensure that the corresponding financial assets are derecognized when the right to cash flows are extinguished and that the corresponding financial liabilities are derecognized on settlement date.

In addition, the Group is assessing the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the initial assessment performed, the amendments in these areas are not expected to have a material impact on the financial statements, however, the assessment is yet to be concluded.

5. Changes in accounting policies and disclosures (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as Good Bank, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes.

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

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

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

6. Provisions for Expected Credit Losses

The following table illustrates the movement in provisions for expected credit losses for other financial assets and contingencies for the year ended 31 December 2024:

	Cash and cash equivalents (Note 7)			Due from other banks (Note 8)			Off-balance sheet items (Note 33)			Other financial assets (Note 14)				Debt securities at amortized cost (Note 10)	
	Stage 1	Stage 2	Total	Stage 1	Stage 3	Total	Stage 1	Stage 2	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Total
1 January 2024	90	210	300	4,642	24,572	29,214	17,132	3,615	20,747	2,328	-	13,285	15,613	7,697	73,571
Transfer to stage 1	-	-	-	-	-	-	-	-	-	(1,974)	-	1,974	-	-	-
Transfer to stage 2	-	-	-	-	-	-	7	(7)	-	-	-	-	-	-	-
New originations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of new originations	30	-	30	12	-	12	3,095	64	3,159	2,959	21	4,143	7,123	8,543	18,867
Full derecognition of financial assets	(6)	-	(6)	(137)	-	(137)	(3,680)	(3,599)	(7,279)	(183)	-	(13,286)	(13,469)	(7,014)	(27,905)
Other changes*	72	(210)	(138)	(304)	(337)	(641)	(4,214)	106	(4,108)	(158)	(4)	5,022	4,860	2,672	2,645
Currency translation difference	-	-	-	202	1,156	1,358	443	-	443	2	-	65	67	-	1,868
31 December 2024	186	-	186	4,415	25,391	29,806	12,783	179	12,962	2,974	17	11,203	14,194	11,898	69,046
Total			186			29,806			12,962				14,194	11,898	69,046

* “Other changes” are attributable to changes in parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages.

** “Transfer of new originations” reflects the transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

6. Provisions for Expected Credit Losses (continued)

The following table illustrates the movement in provisions for expected credit losses for other financial assets and contingencies for the year ended 31 December 2023:

	Cash and cash equivalents (Note 7)			Due from other banks (Note 8)			Off-balance sheet items (Note 33)				Other financial assets (note 14)			Debt securities at amortized cost (Note 10)	
	Stage 1	Stage 2	Total	Stage 1	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 3	Total	Stage 1	Total
1 January 2023	101	-	101	9,368	22,355	31,723	2,987	-	-	2,987	29,129	-	29,129	6,848	70,788
Adjustment on correction of error	-	-	-	-	-	-	31,653	8	-	31,661	(28,808)	2,610	(26,198)	-	5,463
1 January 2023 (restated)	101	-	101	9,368	22,355	31,723	34,640	8	-	34,648	321	2,610	2,931	6,848	76,251
Transfer to stage 1	-	-	-	-	-	-	(375)	224	151	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New originations	36	-	36	-	-	-	-	-	-	-	-	-	-	-	36
Transfer of new originations**	-	-	-	59	-	59	7,842	852	-	8,694	2,052	12,429	14,481	-	23,234
Full derecognition of financial assets	-	-	-	(732)	-	(732)	(3,946)	(6)	-	(3,952)	(312)	(2,041)	(2,353)	-	(7,037)
Other changes*	(49)	210	161	(4,248)	-	(4,248)	(20,777)	2,494	(162)	(18,445)	267	287	554	849	(21,129)
Currency translation difference	2	-	2	195	2,217	2,412	(252)	43	11	(198)	-	-	-	-	2,216
31 December 2023	90	210	300	4,642	24,572	29,214	17,132	3,615	-	20,747	2,328	13,285	15,613	7,697	73,571
Total			300			29,214				20,747			15,613	7,697	73,571

* “Other changes” are attributable to changes in parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages.

** “Transfer of new originations” reflects the transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

7. Cash and Cash Equivalents

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Placements with other banks with original maturities of less than three months	4,482,984	2,249,876
Cash balances with the CBU	3,015,862	994,051
Cash on hand	874,040	1,224,770
Correspondent accounts and overnight placements with other banks	717,017	1,160,106
Less – Allowance for expected credit losses (Note 6)	(186)	(300)
Total cash and cash equivalents	9,089,717	5,628,503

The credit quality of cash and cash equivalents, excluding cash on hand, as at 31 December 2024 and 2023 is summarized below:

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
<i>Stage 1</i>		
- Central Bank of Uzbekistan	3,015,862	994,052
from Aa1 to Aa3	1,850,495	984,599
from A1 to A3	2,121,292	32,213
from Baa1 to Baa3	2,294	7,609
from Ba1 to Ba3	783,958	1,651,958
from B1 to B3	405,908	648,875
- Unrated	36,054	84,727
Less – Allowance for expected credit losses (Note 6)	(186)	(300)
Total cash and cash equivalents, excluding cash on hand	8,215,677	4,403,733

Credit ratings are based on the ratings from Fitch, Moody’s and S&P. All balances for cash and cash equivalents are allocated to Stage 1.

On 13 June 2024, the Board of the Central Bank of the Republic of Uzbekistan decided to reduce the mandatory reserve requirements for foreign currency deposits from 18% to 14% in order to create conditions for reducing interest rates on bank loans. At the same time, taking into account the current state of liquidity, in order to ensure continuity of payments, the Central Bank of the Republic of Uzbekistan decided to increase the averaging coefficient from 80% to 100% from 1 July 2024, which made it possible to return funds previously withdrawn to mandatory reserve accounts to the Group's correspondent accounts. Thus, from 1 July 2024, the Group holds 100% averaging of mandatory reserves in cash balances with the Central Bank of the Republic of Uzbekistan.

As at 31 December 2024, the Group had 2 counterparties (excluding the CBU), whose balance individually exceeded 10% of total cash and cash equivalents (31 December 2023: 4 counterparties). The gross value of these balances as at 31 December 2024 was UZS 2,620,559 million (31 December 2023: UZS 3,009,445 million).

8. Due from Other Banks

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Short term placements with other banks with original maturities of more than three months	1,698,820	275,606
Long term placements with other banks	958,997	992,982
Mandatory reserve deposit held with CBU	–	143,493
Less – Allowance for expected credit losses (Note 6)	(29,806)	(29,214)
Total due from other banks	2,628,011	1,382,867

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

8. Due from Other Banks (continued)

Amounts due from other banks are not collateralised. Analysis by credit quality of amounts due from other banks outstanding at the end of the years are as follows:

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
<i>Stage 1</i>		
- Central Bank of Uzbekistan	-	143,492
from Aa1 to Aa3	33	32
from A1 to A3	-	123,388
from Ba1 to Ba3	1,983,840	841,895
from B1 to B3	647,907	277,923
- Unrated	646	779
<i>Stage 3</i>	-	-
- Unrated	25,391	24,572
Less – Allowance for expected credit losses (Note 6)	(29,806)	(29,214)
Total due from other banks	2,628,011	1,382,867

Credit ratings are based on the ratings from Fitch, Moody’s and S&P. As at 31 December 2024 gross book value of amount of due from other banks in Stage 1 was UZS 3,909,911 million (31 December 2023: UZS 1,386,893 million) and Stage 3 was UZS 24,989 million that represented one bank for which 100% allowance for expected credit losses was created (31 December 2023: 24,572 million).

As at 31 December 2024, the Group had 4 counterparties (excluding the CBU), whose balance individually exceeded 10% of total due from other banks (31 December 2023: 3 counterparties). The gross value of these balances as at 31 December 2024 was UZS 2,152,364 million (31 December 2023: UZS 869,162 million).

Geographical and interest rate analyses of due from other banks are disclosed in Note 31.

9. Loans and Advances to Customers

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Residential mortgage loans	15,899,331	14,052,474
Consumer loans	8,594,284	7,625,883
Corporate loans	8,354,867	9,443,481
Small business loans	6,740,768	8,868,461
Total loans and advances to customers before allowance for expected credit losses	39,589,250	39,990,299
Less – Allowance for expected credit losses	(7,272,829)	(6,353,551)
Total loans and advances to customers	32,316,421	33,636,748

<i>In millions of Uzbekistan Soums</i>	31 December 2024			
Stages	1	2	3	Total
Residential mortgage loans	11,815,021	3,765,907	318,403	15,899,331
Consumer loans	6,521,888	1,677,165	395,231	8,594,284
Corporate loans	4,645,351	758,026	2,951,490	8,354,867
Small business loans	1,430,954	838,450	4,471,364	6,740,768
Total loans and advances to customers, gross	24,413,214	7,039,548	8,136,488	39,589,250
Less – Allowance for expected credit losses	(618,137)	(1,462,308)	(5,192,384)	(7,272,829)
Total loans and advances to customers	23,795,077	5,577,240	2,944,104	32,316,421

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

9. Loans and Advances to Customers (continued)

<i>In millions of Uzbekistan Soums</i>		31 December 2023			
Stages	1	2	3	Total	
Residential mortgage loans	11,240,721	2,707,824	103,929	14,052,474	
Corporate loans	4,367,678	1,114,912	3,960,891	9,443,481	
Small business loans	3,318,672	2,184,257	3,365,532	8,868,461	
Consumer loans	6,938,700	639,104	48,079	7,625,883	
Total loans and advances to customers, gross	25,865,771	6,646,097	7,478,431	39,990,299	
Less – Allowance for expected credit losses	(675,746)	(1,532,279)	(4,145,526)	(6,353,551)	
Total loans and advances to customers	25,190,025	5,113,818	3,332,905	33,636,748	

As at 31 December 2024, corporate loans include finance lease receivables of UZS 247,894 million (31 December 2023: UZS 314,600 million) before allowance for expected credit losses.

The tables below analyse information about the significant changes in the gross carrying amount of loans and advances to customers and the provisions for expected credit losses during 2024 for different segments:

	Residential mortgage loans			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	11,240,721	2,707,824	103,929	14,052,474
Transfer to stage 1	703,352	(699,253)	(4,099)	–
Transfer to stage 2	(1,818,618)	1,838,710	(20,092)	–
Transfer to stage 3	(44,271)	(139,007)	183,278	–
New financial assets originated or purchased	3,285,993	–	–	3,285,993
Transfer of new originations*	(350,125)	334,551	15,574	–
Full derecognition of financial assets	(666,395)	(147,927)	(3,848)	(818,170)
Unwinding of discount on present value of ECL	–	–	4,928	4,928
Other changes in EAD**	(535,636)	(128,991)	(10,968)	(675,595)
Recovery of written off assets	–	–	49,701	49,701
Gross carrying amount as at 31 December 2024	11,815,021	3,765,907	318,403	15,899,331

* “Transfer of new originations” reflects the transfers of new loans originated during the reporting period from Stage 1 to other stages.

** Other changes in EAD shows partial repayments of loans and advances to customers and accrual of interest income.

The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

9. Loans and Advances to Customers (continued)

	Residential mortgage loans			
	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses as at 1 January 2024	334,941	752,353	61,732	1,149,026
Transfer to stage 1	199,023	(196,241)	(2,782)	-
Transfer to stage 2	(54,186)	67,723	(13,537)	-
Transfer to stage 3	(1,319)	(37,146)	38,465	-
New originations	141,550	-	-	141,550
Transfer of new originations**	(70,242)	63,273	6,969	-
Full derecognition of financial assets	(19,857)	(37,902)	(2,615)	(60,374)
Other changes*	(246,500)	169,802	33,692	(43,006)
Recovery of written off assets	-	-	49,701	49,701
Unwinding of discount on present value of ECL	-	-	4,928	4,928
Provision for expected credit losses as at 31 December 2024	283,410	781,862	176,553	1,241,825

* “Other changes” are attributable to changes in parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages.

** “Transfer of new originations” reflects the transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

	Consumer loans			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	6,938,700	639,104	48,079	7,625,883
Transfer to stage 1	115,749	(115,427)	(322)	-
Transfer to stage 2	(1,119,735)	1,120,797	(1,062)	-
Transfer to stage 3	(129,298)	(90,918)	220,216	-
New financial assets originated or purchased	3,414,177	-	-	3,414,177
Transfer of new originations*	(657,542)	553,437	104,105	-
Full derecognition of financial assets	(941,534)	(92,832)	(4,332)	(1,038,698)
Unwinding of discount on present value of ECL	-	-	14,289	14,289
Other changes in EAD**	(1,098,629)	(336,996)	(26,712)	(1,462,337)
Recovery of written off assets	-	-	40,970	40,970
Gross carrying amount as at 31 December 2024	6,521,888	1,677,165	395,231	8,594,284

	Consumer loans			
	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses as at 1 January 2024	150,331	86,354	14,305	250,990
Transfer to stage 1	15,843	(15,720)	(123)	-
Transfer to stage 2	(24,165)	24,588	(423)	-
Transfer to stage 3	(2,790)	(12,242)	15,032	-
New originations	215,319	-	-	215,319
Transfer of new originations**	(141,189)	95,101	46,088	-
Full derecognition of financial assets	(20,907)	(12,017)	(1,560)	(34,484)
Other changes*	(21,574)	84,831	74,106	137,363
Recovery of written off assets	-	-	40,970	40,970
Unwinding of discount on present value of ECL	-	-	14,289	14,289
Provision for expected credit losses as at 31 December 2024	170,868	250,895	202,684	624,447

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

9. Loans and Advances to Customers (continued)

	Corporate loans			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	4,367,677	1,114,912	3,960,892	9,443,481
Transfer to stage 1	162,246	(162,246)	–	–
Transfer to stage 2	(14,884)	14,884	–	–
Transfer to stage 3	(7,601)	(74,887)	82,488	–
New financial assets originated or purchased	4,083,000	–	–	4,083,000
Transfer of new originations*	(190,501)	39,411	151,090	–
Full derecognition of financial assets	(3,402,634)	(83,300)	(526,590)	(4,012,524)
Unwinding of discount on present value of ECL	–	–	71,240	71,240
Other changes in EAD**	(416,642)	(92,524)	(561,342)	(1,070,508)
Bad debt written off	–	–	(258,835)	(258,835)
Currency translation difference	64,691	1,776	32,546	99,013
Gross carrying amount as at 31 December 2024	4,645,352	758,026	2,951,489	8,354,867

	Corporate loans			
	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses as at 1 January 2024	93,896	248,041	2,381,715	2,723,652
Transfer to stage 1	36,140	(36,140)	–	–
Transfer to stage 2	(425)	425	–	–
Transfer to stage 3	(216)	(11,164)	11,380	–
New originations	197,436	–	–	197,436
Transfer of new originations**	(94,218)	11,685	82,533	–
Full derecognition of financial assets	(70,326)	(13,013)	(314,759)	(398,098)
Other changes*	(32,182)	48,163	(197,090)	(181,109)
Bad debt written off	–	–	(258,835)	(258,835)
Unwinding of discount on present value of ECL	–	–	71,240	71,240
Currency translation difference	(6,157)	(5,385)	11,529	(13)
Provision for expected credit losses as at 31 December 2024	123,948	242,612	1,787,713	2,154,273

	Small business loans			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	3,318,672	2,184,257	3,365,532	8,868,461
Transfer to stage 1	226,969	(226,924)	(45)	–
Transfer to stage 2	(559,569)	562,041	(2,472)	–
Transfer to stage 3	(345,296)	(1,049,429)	1,394,725	–
New financial assets originated or purchased	368,845	–	–	368,845
Transfer of new originations*	(103,706)	69,604	34,102	–
Full derecognition of financial assets	(916,871)	(327,797)	(271,956)	(1,516,624)
Unwinding of discount on present value of ECL	–	–	89,537	89,537
Other changes in EAD**	(592,639)	(406,753)	(181,701)	(1,181,093)
Bad debt written off	–	–	(810)	(810)
Currency translation difference	34,549	33,451	44,452	112,452
Gross carrying amount as at 31 December 2024	1,430,954	838,450	4,471,364	6,740,768

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

9. Loans and Advances to Customers (continued)

	Small business loans			
	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses as at 1 January 2024	96,578	445,531	1,687,773	2,229,882
Transfer to stage 1	49,798	(49,780)	(18)	-
Transfer to stage 2	(14,018)	15,002	(984)	-
Transfer to stage 3	(8,663)	(219,100)	227,763	-
New originations	46,568	-	-	46,568
Transfer of new originations**	(39,795)	13,692	26,103	-
Full derecognition of financial assets	(22,426)	(55,225)	(111,015)	(188,666)
Other changes*	(75,137)	26,846	1,082,940	1,034,649
Bad debt written off	-	-	(810)	(810)
Unwinding of discount on present value of ECL	-	-	89,537	89,537
Currency translation difference	7,006	9,973	24,145	41,124
Provision for expected credit losses as at 31 December 2024	39,911	186,939	3,025,434	3,252,284

The tables below analyse information about the significant changes in the gross carrying amount of loans and advances to customers and the provisions for expected credit losses during 2023 for different segments:

	Residential mortgage loans			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	11,789,301	418,896	211,396	12,419,593
Transfer to stage 1	98,396	(83,393)	(15,003)	-
Transfer to stage 2	(2,168,817)	2,253,313	(84,496)	-
Transfer to stage 3	(26,497)	(22,349)	48,846	-
New financial assets originated or purchased	2,771,635	-	-	2,771,635
Transfer of new originations*	(258,590)	255,225	3,365	-
Full derecognition of financial assets	(506,541)	(27,200)	24,767	(508,974)
Unwinding of discount on present value of ECL	-	-	5,660	5,660
Other changes in EAD**	(458,166)	(86,668)	(57,121)	(601,955)
Bad debt written off	-	-	(33,485)	(33,485)
Gross carrying amount as at 31 December 2023	11,240,721	2,707,824	103,929	14,052,474

* “Transfer of new originations” reflects the transfers of new loans originated during the reporting period from Stage 1 to other stages.

** Other changes in EAD shows partial repayments of loans and advances to customers and accrual of interest income.

The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

9. Loans and Advances to Customers (continued)

	Residential mortgage loans			
	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses as at 1 January 2023	375,632	104,293	77,023	556,948
Transfer to stage 1	26,529	(21,000)	(5,529)	–
Transfer to stage 2	(69,052)	100,344	(31,292)	–
Transfer to stage 3	(843)	(5,565)	6,408	–
New originations	139,038	–	–	139,038
Transfer of new originations**	(64,154)	61,826	2,328	–
Full derecognition of financial assets	(16,137)	(6,602)	(3,078)	(25,817)
Other changes*	(56,072)	519,057	18,183	481,168
Bad debt written off	–	–	(7,971)	(7,971)
Unwinding of discount on present value of ECL	–	–	5,660	5,660
Provision for expected credit losses as at 31 December 2023	334,941	752,353	61,732	1,149,026

* “Other changes” are attributable to changes in parameters (PD, LGD), changes in EAD and adjustment of ECL due to transfer to new stages.

** “Transfer of new originations” reflects the transfers of ECL on new loans originated during the reporting period from Stage 1 to other stages. The information on transfers above reflects the migration of loans from their initial stage (or the stage as at the beginning of the reporting date) to the stage they were in as at the reporting date. This information does not reflect the intermediate stage that the loans could be assigned to throughout the reporting period.

	Small business loans			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	6,191,019	1,173,846	1,440,809	8,805,674
Transfer to stage 1	17,974	(10,962)	(7,012)	–
Transfer to stage 2	(1,653,780)	1,767,514	(113,734)	–
Transfer to stage 3	(1,103,303)	(797,478)	1,900,781	–
New financial assets originated or purchased	3,028,923	–	–	3,028,923
Transfer of new originations*	(938,002)	444,936	493,066	–
Full derecognition of financial assets	(1,618,826)	(78,708)	(442,806)	(2,140,340)
Unwinding of discount on present value of ECL	–	–	110,939	110,939
Other changes in EAD**	(840,793)	(398,581)	(471,697)	(1,711,071)
Recovery of written off assets	–	–	326,889	326,889
Currency translation difference	235,460	83,690	128,297	447,447
Gross carrying amount as at 31 December 2023	3,318,672	2,184,257	3,365,532	8,868,461

	Small business loans			
	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses as at 1 January 2023	156,515	226,905	480,505	863,925
Transfer to stage 1	4,959	(2,226)	(2,733)	–
Transfer to stage 2	(41,520)	82,660	(41,140)	–
Transfer to stage 3	(27,703)	(158,285)	185,988	–
New originations	455,415	–	–	455,415
Transfer of new originations**	(403,579)	80,782	322,797	–
Full derecognition of financial assets	(40,250)	(13,120)	(42,395)	(95,765)
Other changes*	(13,135)	211,709	445,539	644,113
Recovery of written off assets	–	–	165,160	165,160
Unwinding of discount on present value of ECL	–	–	110,939	110,939
Currency translation difference	5,876	17,106	63,113	86,095
Provision for expected credit losses as at 31 December 2023	96,578	445,531	1,687,773	2,229,882

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

9. Loans and Advances to Customers (continued)

	Corporate loans			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	8,036,570	1,362,512	705,287	10,104,369
Transfer to stage 2	(471,761)	480,642	(8,881)	-
Transfer to stage 3	(1,601,103)	(1,310,422)	2,911,525	-
New financial assets originated or purchased	2,087,653	-	-	2,087,653
Transfer of new originations*	(1,043,404)	430,217	613,187	-
Full derecognition of financial assets	(2,196,630)	(41,339)	(197,108)	(2,435,077)
Unwinding of discount on present value of ECL	-	-	78,550	78,550
Other changes in EAD**	(972,832)	96,741	(480,065)	(1,356,156)
Recovery of written off assets	-	-	182,771	182,771
Currency translation difference	529,185	96,561	155,625	781,371
Gross carrying amount as at 31 December 2023	4,367,678	1,114,912	3,960,891	9,443,481

	Corporate loans			
	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses as at 1 January 2023	202,875	250,119	415,036	868,030
Transfer to stage 2	(11,846)	15,152	(3,306)	-
Transfer to stage 3	(40,203)	(241,910)	282,113	-
New originations	452,376	-	-	452,376
Transfer of new originations**	(428,661)	91,974	336,687	-
Full derecognition of financial assets	(55,397)	(6,049)	(7,417)	(68,863)
Other changes*	(37,796)	116,997	1,034,678	1,113,879
Recovery of written off assets	-	-	156,060	156,060
Unwinding of discount on present value of ECL	-	-	78,550	78,550
Currency translation difference	12,548	21,758	89,315	123,621
Provision for expected credit losses as at 31 December 2023	93,896	248,041	2,381,716	2,723,653

	Consumer loans			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	3,291,598	26,822	91,582	3,410,002
Transfer to stage 1	3,021	(2,503)	(518)	-
Transfer to stage 2	(240,447)	245,497	(5,050)	-
Transfer to stage 3	(6,643)	(2,328)	8,971	-
New financial assets originated or purchased	5,804,918	-	-	5,804,918
Transfer of new originations*	(485,265)	478,799	6,466	-
Full derecognition of financial assets	(978,075)	(14,911)	11,913	(981,073)
Unwinding of discount on present value of ECL	-	-	2,246	2,246
Other changes in EAD**	(450,407)	(92,272)	(27,372)	(570,051)
Bad debt written off	-	-	(40,159)	(40,159)
Gross carrying amount as at 31 December 2023	6,938,700	639,104	48,079	7,625,883

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

9. Loans and Advances to Customers (continued)

	Consumer loans			
	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses as at 1 January 2023	106,056	4,865	31,856	142,777
Transfer to stage 1	706	(514)	(192)	-
Transfer to stage 2	(7,664)	9,492	(1,828)	-
Transfer to stage 3	(212)	(396)	608	-
New originations	182,669	-	-	182,669
Transfer of new originations**	(67,867)	65,290	2,577	-
Full derecognition of financial assets	(31,177)	(2,524)	(9,844)	(43,545)
Other changes*	(32,180)	10,141	3,700	(18,339)
Bad debt written off	-	-	(14,818)	(14,818)
Unwinding of discount on present value of ECL	-	-	2,246	2,246
Provision for expected credit losses as at 31 December 2023	150,331	86,354	14,305	250,990

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

<i>In millions of Uzbekistan Soums</i>	31 December 2024		31 December 2023	
	amount	%	amount	%
Individuals	24,493,615	61.87%	21,678,357	54.22%
Manufacturing	9,704,236	24.51%	13,119,106	32.80%
Trade and services	1,956,946	4.94%	2,049,254	5.12%
Agriculture	1,194,200	3.02%	1,395,618	3.49%
Construction	903,815	2.28%	1,200,118	3.00%
Oil & Gas	778,244	1.97%	209	0.00%
Transport and communication	435,709	1.10%	428,306	1.07%
Municipal services	92,060	0.23%	68,713	0.17%
Other	30,425	0.08%	50,618	0.13%
Total loans and advances to customers before provision for expected credit losses	39,589,250	100%	39,990,299	100%

As at 31 December 2024, the Group had top 10 borrowers with the aggregate loan balance of UZS 5,945,728 million (31 December 2023: UZS 7,308,669 million) or 15.1% (31 December 2023: 18.3%) of total loans and advances to customers.

Information about collateral at 31 December 2024 was as follows:

<i>In millions of Uzbekistan Soums</i>	Corporate loans	Residential mortgage loans	Small business loans	Consumer loans	Total
Unsecured loans					
Loans collateralised by:					
-real estate	3,829,478	15,862,434	4,789,718	3,120	24,484,750
-letters of surety	1,022,720	4,278	570,858	2,209,397	3,807,253
-salary of an individual	-	-	-	3,368,224	3,368,224
-cash deposit	2,616,988	-	-	13,026	2,630,014
-vehicles	173,364	141	379,333	1,771,165	2,324,003
-insurance	275,959	32,413	549,677	1,228,607	2,086,656
-equipment and inventory	99,285	65	423,490	745	523,585
-state guarantee	183,189	-	-	-	183,189
-other assets	153,884	-	24,371	-	178,255
-future cash flow	-	-	3,321	-	3,321
Total loans collateralized	8,354,867	15,899,331	6,740,768	8,594,284	39,589,250
Total loans and advances to customers before provision for expected credit losses	8,354,867	15,899,331	6,740,768	8,594,284	39,589,250

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

9. Loans and Advances to Customers (continued)

Information about collateral at 31 December 2023 was as follows:

<i>In millions of Uzbekistan Soums</i>	Corporate loans	Residential mortgage loans	Small business loans	Consumer loans	Total
Loans collateralized by:					
-real estate	4,187,964	13,805,899	6,560,477	2,965	24,557,305
-letters of surety	406,058	179,548	588,258	2,708,426	3,882,290
-insurance	651,090	66,731	622,416	1,755,385	3,095,622
-vehicles	183,860	224	532,171	1,903,716	2,619,971
-state guarantee	2,618,413	-	-	-	2,618,413
-other assets	194,422	-	30,422	1,249,570	1,474,414
-cash deposit	987,402	-	2	5,441	992,845
-equipment and inventory	214,272	72	531,394	380	746,118
-future cash flow	-	-	3,321	-	3,321
Total loans collateralized	9,443,481	14,052,474	8,868,461	7,625,883	39,990,299
Total loans and advances to customers before provision for expected credit losses	9,443,481	14,052,474	8,868,461	7,625,883	39,990,299

The amounts disclosed in the tables above represent the outstanding balances of loans and not the fair value of the collateral held against such loans.

Information about collateral breakdown for only stage 3 loans at net book value at 31 December 2024 and 31 December 2023 were as follows:

<i>In millions of Uzbekistan Soums</i>	31 December 2024 amount	31 December 2023 amount
Loans collateralised by:		
-real estate	2,205,419	2,380,864
-insurance	197,165	357,506
-letters of surety	193,192	236,136
-vehicles	107,302	110,642
-salary of an individual	103,342	-
-other assets	79,473	78,213
-equipment and inventory	54,727	162,024
-cash deposit	2,915	4,199
-future cashflow	569	3,321
Total loans collateralised	2,944,104	3,332,905

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

9. Loans and Advances to Customers (continued)

Analysis by stages and overdue days of loans outstanding at 31 December 2024 is as follows:

<i>In thousands of Uzbekistan Soums</i>		31 December 2024		
Stages	1	2	3	Total
Corporate loans				
- less than 30 days overdue	4,645,350	725,331	65,512	5,436,193
- 31 to 90 days overdue	-	32,695	381,016	413,711
- 91 to 180 days overdue	-	-	564,185	564,185
- 181 to 360 days overdue	-	-	1,320,444	1,320,444
- more than 361 days overdue	-	-	620,334	620,334
Total loans and advances to customers, gross	4,645,350	758,026	2,951,491	8,354,867
Less: Provision for loan impairment	(123,948)	(242,612)	(1,787,713)	(2,154,273)
Total loans and advances to customers	4,521,402	515,414	1,163,778	6,200,594
Residential mortgage loans				
- less than 30 days overdue	11,815,022	3,246,644	12,505	15,074,171
- 31 to 90 days overdue	-	519,263	5,117	524,380
- 91 to 180 days overdue	-	-	94,136	94,136
- 181 to 360 days overdue	-	-	60,102	60,102
- more than 361 days overdue	-	-	146,542	146,542
Total loans and advances to customers, gross	11,815,022	3,765,907	318,402	15,899,331
Less: Provision for loan impairment	(283,410)	(781,862)	(176,553)	(1,241,825)
Total loans and advances to customers	11,531,612	2,984,045	141,849	14,657,506
Small business loans				
- less than 30 days overdue	1,430,954	659,968	308,004	2,398,926
- 31 to 90 days overdue	-	178,482	64,089	242,571
- 91 to 180 days overdue	-	-	658,739	658,739
- 181 to 360 days overdue	-	-	1,148,394	1,148,394
- more than 361 days overdue	-	-	2,292,138	2,292,138
Total loans and advances to customers, gross	1,430,954	838,450	4,471,364	6,740,768
Less: Provision for loan impairment	(39,911)	(186,939)	(3,025,434)	(3,252,284)
Total loans and advances to customers	1,391,043	651,511	1,445,930	3,488,484
Consumer loans				
- less than 30 days overdue	6,521,888	1,401,244	19,987	7,943,119
- 31 to 90 days overdue	-	275,921	17,468	293,389
- 91 to 180 days overdue	-	-	132,753	132,753
- 181 to 360 days overdue	-	-	122,154	122,154
- more than 361 days overdue	-	-	102,869	102,869
Total loans and advances to customers, gross	6,521,888	1,677,165	395,231	8,594,284
Less: Provision for loan impairment	(170,868)	(250,895)	(202,684)	(624,447)
Total loans and advances to customers	6,351,020	1,426,270	192,547	7,969,837

* Note: Less than 30 days overdue loans include both loans without any overdue days and loans which have overdue days between 1 and 30 days.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

9. Loans and Advances to Customers (continued)

Analysis by stages and overdue days of loans outstanding at 31 December 2023 is as follows:

<i>In thousands of Uzbekistan Soums</i>	31 December 2023			
Stages	1	2	3	Total
Corporate loans				
- less than 30 days overdue	4,367,677	1,105,972	2,300,021	7,773,670
- 31 to 90 days overdue	-	8,940	1,086,044	1,094,984
- 91 to 180 days overdue	-	-	142,794	142,794
- 181 to 360 days overdue	-	-	431,776	431,776
- more than 361 days overdue	-	-	257	257
Total loans and advances to customers, gross	4,367,677	1,114,912	3,960,892	9,443,481
Less: Provision for expected credit losses	(93,897)	(248,041)	(2,381,715)	(2,723,653)
Total loans and advances to customers	4,273,780	866,871	1,579,177	6,719,828
Residential mortgage loans				
- less than 30 days overdue	11,240,721	2,429,540	4,373	13,674,634
- 31 to 90 days overdue	-	278,284	1,127	279,411
- 91 to 180 days overdue	-	-	31,418	31,418
- 181 to 360 days overdue	-	-	31,512	31,512
- more than 361 days overdue	-	-	35,499	35,499
Total loans and advances to customers, gross	11,240,721	2,707,824	103,929	14,052,474
Less: Provision for expected credit losses	(334,941)	(752,353)	(61,732)	(1,149,026)
Total loans and advances to customers	10,905,780	1,955,471	42,197	12,903,448
Small business loans				
- less than 30 days overdue	3,318,674	1,746,173	1,272,452	6,337,299
- 31 to 90 days overdue	-	438,084	515,292	953,376
- 91 to 180 days overdue	-	-	707,711	707,711
- 181 to 360 days overdue	-	-	477,556	477,556
- more than 361 days overdue	-	-	392,519	392,519
Total loans and advances to customers, gross	3,318,674	2,184,257	3,365,530	8,868,461
Less: Provision for expected credit losses	(96,578)	(445,531)	(1,687,773)	(2,229,882)
Total loans and advances to customers	3,222,096	1,738,726	1,677,757	6,638,579
Consumer loans				
- less than 30 days overdue	6,938,700	566,219	745	7,505,664
- 31 to 90 days overdue	-	72,885	676	73,561
- 91 to 180 days overdue	-	-	13,029	13,029
- 181 to 360 days overdue	-	-	5,079	5,079
- more than 361 days overdue	-	-	28,550	28,550
Total loans and advances to customers, gross	6,938,700	639,104	48,079	7,625,883
Less: Provision for expected credit losses	(150,331)	(86,354)	(14,305)	(250,990)
Total loans and advances to customers	6,788,369	552,750	33,774	7,374,893

* Note: Less than 30 days overdue loans include both loans without any overdue days and loans which have overdue days between 1 and 30 days.

As at 31 December 2024, the outstanding amount of loans and advances given under the program of lending to individual mortgage borrowers to obtain typical houses financed by the Ministry of Economics and Finance constituted UZS 1,723,610 million (31 December 2023: UZS 1,886,161 million), of which loans with outstanding amount of UZS 461,345 million (31 December 2023: UZS 299,283 million) were overdue (26.8% of the total outstanding amount of loans given under the project (31 December 2023: 15.9%)).

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

9. Loans and Advances to Customers (continued)

<i>In millions of Uzbekistan Soums</i>	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 4 years	Due between 4 and 5 years	Total
Finance lease payments receivables at 31 December 2024	98,695	73,139	63,721	50,878	34,307	320,740
Unearned finance income	(17,730)	(12,840)	(8,054)	(4,199)	(1,250)	(44,073)
Impairment loss provision	(70,034)	(52,157)	(48,152)	(40,377)	(28,594)	(239,314)
Present value of lease payments receivable at 31 December 2024	10,931	8,142	7,515	6,302	4,463	37,353
Finance lease payments receivables at 31 December 2023	125,844	84,120	65,351	51,984	35,076	362,375
Unearned finance income	(20,351)	(13,654)	(8,203)	(4,284)	(1,283)	(47,775)
Impairment loss provision	(9,330)	(6,233)	(5,055)	(4,219)	(2,989)	(27,826)
Present value of lease payments receivable at 31 December 2023	96,163	64,233	52,093	43,481	30,804	286,774

The normal contractual finance lease receivables arrangements of the Group include the following main terms and conditions:

- Lease term (1-6 years);
- Stated annual lease interest is in the range of 14% - 31% (31 December 2023 - 14% - 31%) for UZS and 7%-7.8% for EUR (31 December 2022- 4.6%-8%), payable monthly from commencement/delivery of lease object to the lessee;
- Finance income computed using the rate implicit in the lease;
- Lessee insures risks related to the leased assets such as damage caused by various reasons, theft and other with an insurer and keeps it insured throughout the term of the lease. Insurance fees are paid by the Lessee;
- The Group is entitled to possession of the object if certain terms of the agreement are not fulfilled;
- Initial direct costs are initially borne by the Group and are reimbursed by lessees prior to the inception of the lease; and
- Legal title passes to the lessee upon repayment of final lease payment.

10. Debt Securities at Amortized Cost

<i>In millions of Uzbekistan Soums</i>	%	Maturity	31 December 2024	31 December 2023
Bonds of the Central bank of Uzbekistan	16%	April, 2025	3,213,689	751,547
Government bonds of the Ministry of Finance of the Republic of Uzbekistan	15 - 18%	December, 2025	1,486,907	1,674,057
- of which pledged under sale and repurchase agreements		July, 2025	374,000	102,106
Less - Provision for expected credit losses (Note 6)			(11,898)	(7,697)
Total debt securities at amortized cost			4,688,698	2,417,907

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

11. Financial Assets at Fair Value through Other Comprehensive Income

Name	Nature of business	31 December 2024	31 December 2023
Mortgage refinancing company of Uzbekistan	Financial institution	35,816	–
Kredit axborot tahliliy markazi LLC	Consulting	5,563	4,692
Kredit malumotlari xizmati LLC	Consulting	2,081	2,081
SWIFT	Financial institution	756	–
Uzneftmahsulot JSC	Oil & Gas	43	38
Total financial assets at fair value through other comprehensive income		44,259	6,811

The capital markets of Uzbekistan including the stock exchanges function nominally and do not have an active trading. As a result, equity instruments originated in Uzbekistan are usually illiquid and do not have an active market.

As at 31 December 2024 and 2023, none of the equity investments were pledged as collateral against borrowings of the Group.

On 15 June 2024, the Group’s ownership stake in the share capital of JSC “Mortgage Refinancing Company of Uzbekistan” was reduced from 20% to 3.5% due the issuance of additional shares by the company. As a result, the Group’s investment in the company was reclassified from an associate to an equity investment, measured at fair value through other comprehensive income.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

12. Premises, Equipment and Intangible Assets

<i>In millions of Uzbekistan Soums</i>	Building and premises	Office and Computer equipments	Motor vehicles	Construction in progress	Intangible assets	Total
Cost at 31 December 2022	184,781	357,242	14,049	4,139	36,909	597,120
Accumulated depreciation/amortization	(35,015)	(222,561)	(8,576)	–	(17,372)	(283,524)
Carrying amount at 31 December 2022	149,766	134,681	5,473	4,139	19,537	313,596
Additions	–	71,710	552	2,908	90,024	165,194
Disposals (net of depreciation)	(534)	(15,075)	–	(368)	(81)	(16,058)
Net transfers	4,854	(529)	778	(5,103)	–	–
Depreciation/amortization charge	(8,763)	(68,497)	(2,311)	–	(8,046)	(87,617)
	–	–	–	–	–	–
Carrying amount at 31 December 2023	145,323	122,290	4,492	1,576	101,434	375,115
Cost at 31 December 2023	189,101	413,348	15,379	1,576	126,852	746,256
Accumulated depreciation/amortization	(43,778)	(291,058)	(10,887)	–	(25,418)	(371,141)
Carrying amount at 31 December 2023	145,323	122,290	4,492	1,576	101,434	375,115
Additions	10,511	315,848	11,595	205	270,955	609,114
Disposals (net of depreciation)	–	(1,807)	(1,967)	(1,119)	166	(4,727)
Net transfers	162	(15,458)	15,494	(198)	–	–
Depreciation/amortization charge	(9,050)	(90,534)	(15,951)	–	(44,804)	(160,339)
Carrying amount at 31 December 2024	146,946	330,339	13,663	464	327,751	819,163
Cost at 31 December 2024	199,774	711,931	40,501	464	397,973	1,350,643
Accumulated depreciation/amortization	(52,828)	(381,592)	(26,838)	–	(70,222)	(531,480)
Carrying amount at 31 December 2024	146,946	330,339	13,663	464	327,751	819,163

As at 31 December 2024 and 2023, premises and equipment of the Group were not pledged.

13. Non-current assets held for sale

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
	231,874	164,544
non-current asset type:		
- Buildings held for sale	222,189	150,580
- Equipment held for sale	9,685	11,138
- Others assets held for sale	–	2,826
Impairment of non-current assets held for sale	(37,518)	(32,588)
Total non-current assets held for sale	194,356	131,956

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

13. Non-current assets held for sale (continued)

As at 31 December 2024 and 2023, assets held for sale mainly include real estate and equipment. These assets are ready for immediate sale in its current condition subject only to terms that are usual and customary for sales.

As at 31 December 2024, the Group actively marketed its non-current assets held for sale in different marketing platforms, such as “E-auksion” auction platform and the Group’s official website.

14. Other Financial Assets

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Commission and other receivable	21,613	31,758
Less – Allowance for expected credit losses (Note 6)	(14,194)	(15,613)
Total other financial assets	7,419	16,145

15. Other Non-Financial Assets

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Repossessed collateral	261,551	237,867
Prepayments	131,107	241,139
Insurance assets	29,525	12,172
Assets for finance lease	18,942	16,058
Inventories	15,103	–
Other	12,856	2,445
Less impairment provision	(103,864)	(45,441)
Total other non-financial assets	365,220	464,240

As at 31 December 2024 and 2023, prepayments mainly include advances paid for different softwares for banking operations, computer and office equipment and motor vehicles.

Repossessed collateral mainly consists of premises and equipment along with assets that have not been sold during the last 12 months in the different regions of the Republic of Uzbekistan.

As of 31 December 2024 and 2023, assets for finance lease include vehicles and equipment purchased by subsidiary company “Ipoteka Leasing” LLC for the purpose of finance lease.

16. Due to Other Banks

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Short-term placements of other banks	201,540	1,125,112
Current accounts	49,839	196
Total due to other banks	251,379	1,125,308

As at 31 December 2024, total due to other banks consisted of short-term placements of other banks which were mostly funded from one local bank in the amount of UZS 201,540 million.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

17. Customer Accounts

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
State and public organizations		
- Current/settlement accounts	1,334,818	1,239,338
- Term deposits	2,317,942	2,038,046
Other legal entities		
- Current/settlement accounts	6,263,280	3,729,160
- Term deposits	1,939,942	797,121
Individuals		
- Current/settlement accounts	2,683,548	2,246,267
- Term deposits	3,315,859	2,162,269
Total customer accounts	17,855,389	12,212,201

Economic sector concentrations within customer accounts are as follows:

<i>In millions of Uzbekistan Soums</i>	31 December 2024		31 December 2023	
	Amount	%	Amount	%
Individuals	5,999,407	33.60%	4,408,536	36.10%
Private enterprises	5,087,196	28.49%	3,520,157	28.82%
State and budgetary organisations	3,652,760	20.46%	3,277,384	26.84%
Joint ventures	2,240,877	12.55%	344,213	2.82%
Non-governmental organisations	530,223	2.97%	490,471	4.02%
Other	344,926	1.93%	171,440	1.40%
Total customer accounts	17,855,389	100%	12,212,201	100%

As at 31 December 2024, the Group had top 10 customers with outstanding balances of UZS 2,052,917 million (31 December 2023: UZS 1,473,472 million) or 11% (31 December 2023: 12%) of total customer accounts.

As at 31 December 2024 and 2023, customer accounts include funds pledged against letters of credit and guarantees in the amount of UZS 102,599 million and UZS 327,156 million, respectively.

18. Debt Securities in Issue

<i>In millions of Uzbekistan Soums</i>	Currency	Interest	Maturity date	31 December 2024	31 December 2023
- Eurobonds in foreign currency	USD	5.5%	19-Nov-2025	3,896,314	3,720,851
- Eurobonds in national currency	UZS	20.5%	25-Apr-2027	1,401,497	-
- Eurobonds in national currency	UZS	16.0%	16-Apr-2024	-	808,607
Total debt securities in issue				5,297,811	4,529,458

19. Borrowings from Government, State and International Financial Institutions

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Borrowings from the Ministry of Finance of the Republic of Uzbekistan	15,277,610	14,372,982
Borrowings from International Financial Institutions	2,146,829	3,541,385
Borrowings from Domestic Financial Institutions	1,721,884	1,874,783
Borrowings from the Fund for the Reconstruction and Development of the Republic of Uzbekistan	678,723	787,959
Borrowings from the CBU	12,154	19,134
Debt component of preference shares	12,078	12,078
Borrowings from government, state and international financial institutions	19,849,278	20,608,321

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

19. Borrowings from Government, State and International Financial Institutions (continued)

As of 31 December 2024, borrowings from the Ministry of Economy and Finance of the Republic of Uzbekistan were mainly used to provide advances to individual mortgage borrowers at net interest margin of 4% and for development of agricultural sector from the sources of International Development Agency (IDA), International Bank for Reconstruction and Development (IBRD), Japan International Cooperation Agency (JICA) and International Fund for Agricultural Development (IFAD). Interest rate for borrowing to development of economic sectors is 3%-4,3% (IDA), 3%-13.5% (IBRD), 5% (JICA), 2,5-14% (IFAD), 3% - 13,5% (ADB).

As at 31 December 2024, borrowings in the amount of UZS 2,146,829 million were obtained from the following international Financial Institutions:

Institution name	31 December 2024	31 December 2023
Commerzbank	730,927	914,248
IFC	442,235	422,712
Landesbank	344,310	407,190
EBRD	275,216	157,994
CDB	273,628	400,673
Hungarian Export-Import Bank	53,214	-
ODDO BHF	20,535	22,046
Korea Exim bank	6,764	24,503
OTP Bank	-	692,735
OPEC	-	251,262
Raiffeisen bank	-	113,568
Credit suisse	-	108,850
EXIM bank China	-	21,421
KFW	-	4,183
Total	2,146,829	3,541,385

As at 31 December 2024, total borrowings from Domestic Financial Institutions include UZS 547,175 million made by Xalq bank at concessionary rate of up to 14%, advanced by the Group mainly to finance construction of apartment buildings, UZS 85,356 million made by the Ministry of Investments, Industry and Trade of the Republic of Uzbekistan at interest rate ranging from 2% to 5% to enhance exporting activities, UZS 68,153 million made by National Bank for Foreign Economic Activity of the Republic of Uzbekistan at the rate of up to 10%, advanced by the Group to individual mortgage borrowers under state program. The maturity of mortgage lending is 5 years. The borrowings from Domestic Financial Institutions also include UZS 943,138 million made by Mortgage Refinancing Company of Uzbekistan at the rate of up to 18.7%, advanced by the Group to individual mortgage borrowers (the maturity of mortgage lending is 18 years), UZS 19,440 million made by “Uzsanoatqurilishbank” at rate of 10%, advanced by the Group to support mortgage lending (the maturity of mortgage lending is 7 years), UZS 49,339 million made by Export Promotion Agency at a rate of 2%, further issued by the Group to support export producers of Uzbekistan, and funds provided by other Domestic Financial institutions.

The borrowings from Fund for the reconstruction and development of the Republic of Uzbekistan (“the UFRD”) amounted to UZS 678,723 million and were used for financing corporate and SME loans in the textile sector at the rate of 6-month SOFR + 1% - 6-month SOFR + 2% and 4%-10%. Maturity of the borrowings is linked with maturities of the individual loans issued by the Group.

The borrowings from the Ministry of Economy and Finance of the Republic of Uzbekistan, CBU and the Fund for Reconstruction and Development of the Republic of Uzbekistan were issued to the Group for financing the state business, agro-industrial and other state development programs under the Government orders. Contractual interest rates on the loans mentioned are lower than average market interest rates. In connection with the direct usage of borrowed loan funds for loan issue the management believes that contractual rates set on loans are market ones.

Interest rate and maturity analysis of borrowings from government, state and international financial institutions is disclosed in Note 31.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

20. Subordinated debt

<i>In millions of Uzbekistan Soums</i>	Currency	Maturity date	Nominal interest rate %	31 December 2024	31 December 2023
Subordinated debt of Ministry of Finance of the Republic of Uzbekistan	USD	March, 2030	0%	256,342	234,230
Subordinated debt of Ministry of Finance of the Republic of Uzbekistan	UZS	November, 2029	3%	153,816	189,013
Subordinated debt of Ministry of Finance of the Republic of Uzbekistan	UZS	November, 2030	3%	139,255	166,040
Subordinated debt of Ministry of Finance of the Republic of Uzbekistan	UZS	November, 2028	3%	35,271	42,876
Total subordinated debt				584,684	632,159

The subordinated debt provided by the Ministry of Finance at 3% is used to finance mortgage loans to individuals at the rate of 7% meaning both rates are at below the market rate.

On 30 March 2023 the Ministry of economy and finance of the Republic of Uzbekistan provided interest-free subordinated debt to the Group with tenor of 7 years with a bullet repayment at the maturity date. Therefore, gain on initial recognition on subordinated debt received from the government in the amount of UZS 75,750 million was recognized within equity.

21. Other Liabilities

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Payable to suppliers	15,125	221,150
Dividends payable	1,012	932
Total other financial liabilities	16,137	222,082
Payables to employees	175,270	81,253
Insurance liabilities	113,208	70,609
Other tax liabilities	48,684	56,476
Expected liability for off-balance sheet items	12,963	20,747
Payable to State deposit insurance fund	1,265	10,309
Other	14,220	6,536
Total other non-financial liabilities	365,610	245,930
Total other liabilities	381,747	468,012

As at 31 December 2024, payable to employees includes year-end bonus payable to employees in the amount of UZS 104,276 million (31 December 2023: UZS 58,172 million).

22. Changes in liabilities arising from financing activities

The table below sets out an analysis and movements in the debt for each of the years presented. The debt items are those that are reported within financing activities in the consolidated statement of cash flows. Non-cash changes include unwinding of commission expenses, fair value gain or loss on initial recognition.

	31 December 2023	Liabilities from financing activities						31 December 2024
		Financing cash inflows	Financing cash outflow	Interest accrued	Interest paid	Effect of exchange rate changes	Other non-cash changes	
Debt securities in issue	4,529,458	1,362,140	(785,000)	448,269	(429,392)	176,863	(4,527)	5,297,811
Borrowings from government, state and international financial institutions	20,608,321	4,451,974	(5,388,068)	1,797,126	(1,749,967)	106,326	23,566	19,849,278
Subordinated debt	632,159	-	(69,264)	10,873	(11,195)	11,218	10,893	584,684

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

22. Changes in liabilities arising from financing activities (continued)

	Liabilities from financing activities							31 December 2023
	31 December 2022	Financing cash inflows	Financing cash outflow	Interest accrued	Interest paid	Effect of exchange rate changes	Other non- cash changes	
Debt securities in issue	4,184,718	-	-	318,309	(321,606)	338,994	9,043	4,529,458
Borrowings from government, state and international financial institutions	19,145,068	5,867,591	(5,003,757)	1,452,564	(1,423,240)	586,418	(16,323)	20,608,321
Subordinated debt	425,905	285,830	(27,857)	12,500	(12,619)	22,639	(74,239)	632,159

23. Share Capital

<i>In millions of Uzbekistan Soums</i>	Number of outstanding shares in million	Ordinary shares	Inflation adjustment	Total
At 1 January 2023	2,989,584	2,981,533	6,417	2,987,950
Ordinary shares issued	844,633	844,634	-	844,634
At 31 December 2023	3,834,217	3,826,167	6,417	3,832,584
At 31 December 2024	3,834,217	3,826,167	6,417	3,832,584

On 25 December 2023 OTP bank increased its share of the capital in the Group by acquiring newly issued additional ordinary shares of 844,633 million for cash consideration of UZS 844,634 million.

As at 31 December 2024 and 31 December 2023 outstanding shares include 3,826,166 million ordinary shares and 8,052 million preference shares with a par value of UZS 1 per share issued and fully paid in UZS.

The Group distributes profits as dividends or transfers to reserves on the basis of financial statements prepared in accordance with local legislation.

Preference shares. Preference shares are not redeemable and rank ahead of the ordinary shares in the event of the Group’s liquidation.

The preference shares give the holders the right to participate in general shareholders’ meetings without voting rights, except in instances where decisions are made in relation to reorganization and liquidation of the Group, and where changes and amendments to the Group’s charter which restrict the rights of preference shareholders are proposed. Minimum annual dividends on preference shares are fixed at 25% of the nominal value and rank above ordinary dividends.

Preference shares are accounted for as a compound financial instrument having both a liability component and an equity component. The liability component is initially determined as the present value of future minimum dividend payments discounted at the Group’s incremental borrowing rate and the rest of the sale proceeds are classified as equity component.

The dividends declared on preference shares cannot be less than those declared for ordinary shares. When dividends declared above minimum amount, the excess of the dividends is recognised in equity (as discretionary payment on the equity component).

The dividend expense on preference shares are accounted in the consolidated financial statement of profit or loss and other comprehensive income as a part of interest expense.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

24. Earnings/(Loss) per share

Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year, net of treasury shares. The Group has no dilutive potential ordinary shares; therefore, the diluted earnings per share are equal to the basic earnings per share. Earnings per share are calculated as follows: Profit for the year attributable to ordinary and preference shareholders is calculated as follows:

	2024	2023
Profit/(loss) for the year attributable to preference shareholders	2,697	(4,320)
Profit/(loss) for the year attributable to ordinary shareholders	1,284,358	(1,611,296)
Profit/(loss) for the year attributable to the owners:	1,287,055	(1,615,616)
Weighted average number of preference shares in issue million	8,052	8,052
Weighted average number of ordinary shares in issue in million	3,834,218	3,003,469
Basic and diluted earnings per preference share in UZS	0.33	(0.54)
Basic and diluted earnings per ordinary share in UZS	0.33	(0.54)

25. Interest Income and Expense

<i>In millions of Uzbekistan Soums</i>	2024	2023
Interest income		
Loans and advances to customers	5,901,185	5,033,639
Due from other banks	483,022	327,017
Debt securities at amortized cost	411,827	555,977
Interest income on cash and cash equivalents	263,381	41,111
Total interest income	7,059,415	5,957,744
Other interest income		
Net investments in finance lease	29,872	27,048
Total interest income	7,089,287	5,984,792
Interest expenses		
Borrowings from government, state and international financial institutions	1,802,955	1,491,110
Customer accounts	1,102,865	721,790
Debt securities in issue	442,566	328,557
Subordinated debt	21,765	20,140
Due to other banks	18,920	51,207
Total interest expense	3,389,071	2,612,804
Net interest income	3,700,216	3,371,988

26. Fee and Commission Income and Expense

<i>In millions of Uzbekistan Soums</i>	2024	2023
Fee and commission income		
Settlement transactions	315,814	301,339
Cash transactions	96,812	96,948
Guarantees and letters of credit	10,747	15,163
Foreign currency conversion operations	3,953	1,125
Other	5,169	7,463
Total fee and commission income	432,495	422,038
Fee and commission expense:		
Settlement transactions	72,285	59,060
Conversion operations	15,340	13,707
Cash collection services	7,579	3,688
Cash transactions	7,033	1,685
Other	14,045	9,422
Total fee and commission expense	116,282	87,562
Net fee and commission income	316,213	334,476

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

27. Other Operating Income

<i>In millions of Uzbekistan Soums</i>	2024	2023
Insurance operations income	123,604	96,760
Income from services provided	2,818	3,850
Gain from disposal of premises and equipment	1,793	1,360
Income from rental of POS terminals	312	992
Fines received	-	15,540
Other non-interest income	1,600	16,375
Total other operating income	130,127	134,877

28. Administrative and Other Operating Expenses

<i>In millions of Uzbekistan Soums</i>	2024	2023
Staff costs	1,155,493	927,972
Depreciation and amortization	160,340	87,617
Security services	62,514	55,872
Professional services	55,194	47,121
Deposit guarantee fund expenses	44,292	38,292
Stationery and supplies	35,911	25,597
Repair and maintenance	31,850	30,239
Insurance operations expense	25,816	70,104
Taxes other than income tax	21,457	37,248
Advertising and Publicity	20,174	5,731
Postage, telephone and fax	11,023	10,527
Utilities	9,942	5,900
Representation and entertainment	8,301	6,293
Business trip and travel expenses	7,234	5,276
Charity and sponsorship	4,686	2,937
Fuel	4,109	3,914
Rent expenses	3,514	10,161
Penalties incurred	1,145	193
Insurance	1,096	-
Other	88,532	62,853
Total administrative and other operating expenses	1,752,623	1,433,847

The compensation of fee charged to the Group for audit of financial statements for the year ended 31 December 2024 by FE Audit Organization “Ernst & Young” LLC is UZS 2,300 million (excluding VAT). The compensation of fee charged to the Group for audit of financial statements for the year ended 31 December 2023 by FE Audit Organization “Ernst & Young” LLC is UZS 2,600 million (excluding VAT).

29. Income Taxes

(a) Components of income tax expense

Income tax expense comprises the following:

<i>In millions of Uzbekistan Soums</i>	2024	2023
Current tax charge	4,482	192,737
Deferred tax charge/(credit)	215,298	(283,814)
Income tax expense/(credit) for the period through Profit or Loss	219,780	(91,077)
Deferred tax charge through Other Comprehensive Income	860	235
Income tax expense/(credit) for the period through Profit or Loss and Other Comprehensive Income	220,640	(90,842)

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

29. Income Taxes (continued)

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

<i>In millions of Uzbekistan Soums</i>	2024	2023
Profit/(loss) before tax	1,506,835	(1,706,693)
Theoretical tax charge/(credit) at the applicable statutory rate - 20% (2023: 20%)	301,367	(341,339)
-Non-deductible expenses (non-deductible part of loan loss provisions, employee compensation, representation and other non-deductible expenses)	778	361,457
-Non-taxable income (interest income from state securities)	(82,365)	(111,195)
Net income tax expense/(credit)	219,780	(91,077)
Net income tax expense relating to the components of other comprehensive income	860	235
Income tax expense/(credit) for the period	220,640	(90,842)

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

29. Income Taxes (continued)

(c) Deferred tax analysed by type of temporary differences

Differences between IFRS and Uzbekistan statutory taxation regulations give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and for their tax bases. The tax effect of the movements on these temporary differences is detailed below. For calculation of deferred tax assets and liabilities enacted tax rate of 20% was used for 2024 (2023: 20%).

<i>In millions of Uzbekistan Soums</i>	31 December 2024	Credited/ (charged) to profit or loss	Credited/ (charged) to OCI	31 December 2023	Credited/ (charged) to profit or loss	Credited/ (charged) to OCI	31 December 2022
Cash and cash equivalents	37	(23)	-	60	40	-	20
Due from other banks	963	35	-	928	(926)	-	1,854
Loans and advances to customers	278,993	(147,525)	-	426,518	252,143	-	174,375
Debt securities at amortized cost	2,379	840	-	1,539	169	-	1,370
Financial assets at fair value through other comprehensive income	(1,986)	(209)	(860)	(917)	-	(235)	(682)
Debt securities in issue	(2,697)	(574)	-	(2,123)	1,208	-	(3,331)
Investment in associates	-	2,789	-	(2,789)	(1,242)	-	(1,547)
Investment in subsidiaries	-	-	-	-	1,313	-	(1,313)
Premises, equipment and intangible assets	(549)	1,232	-	(1,781)	1,889	-	(3,670)
Right-of-use assets	464	4,954	-	(4,490)	222	-	(4,712)
Non-current assets held for sale	7,504	986	-	6,518	80	-	6,438
Other assets	(56,938)	(63,625)	-	6,687	5,703	-	984
Borrowings from government, state and international financial institutions	(4,784)	3,240	-	(8,024)	1,063	-	(9,087)
Subordinated debt	(12,108)	(13,636)	-	1,528	1,528	-	-
Other liabilities	5,735	(3,782)	-	9,517	20,624	-	(11,107)
Net deferred tax (liability)/asset	217,013	(215,298)	(860)	433,171	283,814	(235)	149,592
Recognised deferred tax asset	296,075	(152,141)	-	448,216	269,613	-	178,603
Recognised deferred tax liability	(79,062)	(63,157)	(860)	(15,045)	14,201	(235)	(29,011)
Net deferred tax (liability)/asset	217,013	(215,298)	(860)	433,171	283,814	(235)	149,592

30. Segment Reporting

The Group’s operations are single reportable segment.

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

The chief operating decision-maker (“CODM”) has been determined as the Group’s Chairman of the Management Board. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. The Management has determined a single operating segment being banking services based on these internal reports.

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

31. Financial Risk Management

Corporate governance

The Group maintains a comprehensive corporate governance system, which includes its shareholders, the Supervisory Board (including six sub-committees), the Management Board (including five sub-committees) and the Inspection Commission. The Supervisory Board is represented by members with international banking and financial services experience and the Group’s senior management team is comprised of experienced and trained professionals with a proven track record of achieving growth and meeting financial performance targets. The Group’s management team has extensive experience in Uzbekistan’s banking market and a strong understanding of the local financial services sector. The Group’s long-term goal is to maintain and further develop a strong corporate governance model. The Group has undertaken a number of new initiatives designed to improve its corporate governance systems, including initiatives in cooperation with the IFC. The Group’s long-term strategy is to maintain and further strengthen its corporate governance system by improving its relationship with shareholders, strengthening the composition and roles of the Supervisory Board, and optimising the interaction between the Group’s management bodies. Based on that strategy, the Group significantly revised and updated its corporate governance structure in 2019 by revising and updating the roles of its functioning committees. At the same time, the organisation of the Group’s corporate governance procedures and mechanisms was adapted to meet the nature, scale and complexity of the risks inherent to its business model and activities. The Group has developed a common vision and strategic objectives for its development and established the foundations of a modern system of financial and management accounting systems. The Group’s corporate governance structure has been enhanced to encompass various pillars of responsibility, including identifying, managing, monitoring and reporting risks to which the Group is or may be exposed. In order to strengthen and enhance the composition of its Supervisory Board, in 2019 and 2020, the Group added five new independent directors with international experience to the Supervisory Board. The Group’s Supervisory Board currently consists of nine members. The Group further established a corporate consultancy service (the “Corporate Consultant Service”) to facilitate an effective relationship and exchange of information with the Group’s shareholders, the Supervisory Board and the Management Board, as well as monitoring the compliance with corporate legislation applicable to the Group’s activities. While the Group intends to continue enhancing the functionality of its existing committees, the Group further established specialised committees under its Supervisory Board that focus on facilitating the accomplishment of the Group’s strategic objectives, as well as issuing recommendations pertaining to the improvement of the Group’s activities. In 2020, the Group also approved, among other things, a new code of ethics that are intended to ensure that its rules regulating interaction amongst employees complies with established corporate norms. The code of ethics was subsequently updated in 2023. As part of the Group’s ongoing improvement of its corporate governance framework to meet the standards of international best practices, the Group also revised its internal regulations to introduce various new policies, including but not limited to the formation and maintenance of an effective composition of the Supervisory Board, the regulation of significant transactions and transactions with related parties, and the selection of independent members of the Supervisory Board.

31. Financial risk management (continued)

Risk management structure

The principal risk management bodies of the Group are the Supervisory Board, the Risks, Related Party Transactions and Major Transactions Committee under the Supervisory Board of the Bank, the Management Board, the Risk Management Committee of the Supervisory Board (which, with effect from 1 October 2020, will also conduct the functions of the Large and Interested-Party Transactions Committee), the Credit Committee, the Asset and Liability Management Committee, the Project Management Committee, the Bank’s Risk Block, the Compliance Directorate and the Internal Audit Directorate .

The Group’s risk management structure is based upon the principle of “three lines of defence”. The banking business units and financial and operating functions represent the first line of defence and are responsible for ensuring adherence to the Group’s policies and procedures on a day-to-day basis. The Risk Block represents the second line of defence, monitoring and coordinating with the business units and financial and operational functions. The Risk Block, under the leadership of the Chief Risk Officer, reports to the Management Board and the Supervisory Board. The Internal Audit Directorate represents the third line of defence. The Internal Audit Directorate reports to the Supervisory Board (through the Audit Committee of the Supervisory Board) and is responsible for reviewing and ensuring the integrity of the risk management processes at the Bank. The Supervisory Board is responsible for the Group’s overall risk management approach and for approving the Bank’s risk strategies and principals and is ultimately responsible for identifying and controlling risks. The Supervisory Board delegates authority to the Risks, Related Party Transactions and Major Transactions Committee under the Supervisory Board of the Bank (RRPTMTC) to provide recommendations on such matters. It approves the Group’s risk appetite and credit policies and is responsible for approving certain credit decisions which fall outside the responsibility of the Credit Committee, including approvals of single borrower lending exposures that constitute between 15 to 25 per cent. of the Bank’s Tier 1 capital (see “—Credit Risk” below for further information). The Supervisory Board reviews and approves the Group’s risk appetite and the Risk Management Strategy. The Group’s risk appetite and Risk Management Strategy are determined in conjunction with one another and are each reviewed annually (or more frequently, if necessary) to ensure the Group’s continued compliance with applicable regulations, as well as to maintain the effectiveness and relevance of its controls in the context of any changing external demands.

The Management Board is responsible for the day-to-day management of the Bank and delegates responsibility to the Risk Management Committee of the Management Board (the “Risk Management Committee”) for matters concerning risk. The Risk Management Committee of the Management Board reports to the Risks, Related Party Transactions and Major Transactions Committee under the Supervisory Board of the Group and provides recommendations as to the risk appetite and risk management strategy of the Bank. The committee reviews and monitors the monthly risk management reports, ensuring that the Bank’s results remain within the agreed parameters, and collaborates with the Risk Block, the Credit Committee and the Asset and Liability Management Committee in reviewing stress test scenarios and sensitivity analyses. The committee works in close collaboration with the various banking, financial and operating units and the Group’s ALM Directorate and Global Markets Directorate to ensure the effective implementation of the Group’s risk management policies.

The Credit Committee is responsible for supervising and managing the Bank’s credit risk. The Credit Committee reviews and recommends changes, where necessary, to the Bank’s credit risk appetite and to the credit policies and procedures being applied at a banking level. This includes setting credit classifications and credit-scoring metrics, establishing credit limits, performing financial analyses of credit applications and reviewing credit terms and conditions. The Credit Committee is also involved with reviewing the results of the stress tests and sensitivity analyses carried out by the Risk Block. The responsibility for the day-to-day monitoring of the relevant indicators lies with the Risk Management Block.

The Asset and Liability Management Committee (the “ALCO”) reports to the Chairman of the Management Board. The ALCO’s principal activities consist of developing and monitoring the Group’s strategy in respect of its management of assets and liabilities in accordance with the Group’s asset and liability management policies, as well as evaluating and monitoring the Group’s exposure to market and liquidity risks. The ALCO recommends the structure of the asset and liability management policy to the Management Board. The ALCO reviews financial reports and indices including the Group’s limits and ratios, balance sheet, statement of operations, maturity gap, interest rate gap, currency gap, foreign exchange risk, interest rate risk and funding liquidity risk reports, and analyses of total cash flow, customer cash flow and concentration risk, as well as other forms of financial analyses, both for past periods and in respect of future projections. The ALCO carries out these reviews on a monthly basis, and establishes policies, guidelines, and, where applicable, limits, with respect to such matters.

31. Financial Risk Management (continued)

Risk management structure (continued)

The Investment Committee is a sub-committee of the ALCO. The Investment Committee is responsible for managing, monitoring and evaluating the quality of investments held by the Group, and for managing the overall structure of the Bank's portfolio and ensuring a suitable diversification of risk. As well as overseeing the formation of the Group's investment portfolio, the Investment Committee recommends and supervises certain portfolio limits. The Investment Committee, as a sub-committee of the ALCO, directly reports to the Management Board and provides recommendations to the Management Board (and ultimately to the Supervisory Board) as part of the process of approving the Group's investment policy, such process being carried out at least once a year, and more often if required.

The main objective of the Project Management Committee is to ensure effective project management in the Bank's daily activities and to ensure the control and provision of any necessary solutions in this area. The Project Management Committee is a supervising and management body which reports directly to the Management Board, and which executes coordination functions and provides organisational support to the Bank's project portfolio.

The Risk Block (the “RB”), under the leadership of the Bank's Chief Risk Officer, is responsible for coordinating risk management within the Bank. The RB is involved with developing the Group's Risk Management Strategy as well as monitoring and ensuring day-to-day compliance with the same and is therefore involved in each stage of the Group's risk management architecture. The RB reports to the Chairman of the Management Board and to the Supervisory Board and has separate structural units representing the Bank's main risk categories: credit risk, market risk, liquidity risk and operational risk, monitoring compliance with the Group's policies in these areas, as set out below. The Credit Risk Division is responsible for the day-to-day monitoring of the Group's portfolio. The Bank's business units submit regular reports to the RB, which is responsible for the oversight of the operations of this 'first line of defence'. The RB is therefore responsible for ensuring that any risk and control issues in the Group's business units are properly identified and, if necessary, highlighted to the relevant committee. The RB also sets the terms of interaction and the technical processes to be followed with the financial, credit and operations departments regarding, inter alia, the preparation of reports and results, and the calculation methods to be followed. In addition, the RB promotes the Group's risk culture by ensuring that employees receive the necessary training to meet their obligations independently, and by monitoring staff performance and ensuring a commonality in approach and terminology. The RB also monitors any new products or services offered or employed by the Group. As well as ensuring compliance, the RB is involved in reviewing and developing the Group's risk management framework. The RB advises the Management and Supervisory boards in respect of the Group's risk appetite and Risk Management Strategy, and develops policies and procedures for approval by the Supervisory Board, based on the regulations and guidance of the CBU, applicable legislation, and international best practice. The RB is responsible for defining scenarios for conducting stress tests and sensitivity analyses as well as participating in the development of the Bank's credit-scoring metrics. The RB reports to the relevant bodies on the Bank's credit operations, the level of acceptable deviation from the Bank's specified limits, and the results of the stress testing and sensitivity analyses carried out monthly, and more frequently if required. In respect of operational risk, the RB works closely with the Group's Internal Audit Directorate.

The Internal Audit Directorate is responsible for the regular audit of the Bank's risk management, internal control and corporate governance processes, with the aim of reducing the levels of operational and other risks, as well as auditing the Group's internal control systems and detecting infringements or errors on the part of the Group's departments and divisions. It examines both the adequacy of, and the Group's compliance with, those procedures, and conducts full assessments at least annually and, if necessary, more frequently. The Internal Audit Directorate discusses any deficiencies, recommendations or examples of non-compliance with the Audit Committee of the Supervisory Board. The objective of the Internal Audit Directorate is to ensure the performance and efficiency of financial and economic activity of the Group by monitoring the internal control system and audit, and providing independent professional advice on the possibility for improvements in respect of both the Bank's activities and its control procedures. The Internal Audit Directorate is independent of the Management Board. The Head of the Group's Internal Audit Directorate is appointed by the Supervisory Board and reports directly to the Supervisory Board, through the Audit Committee of the Supervisory Board. The Internal Audit Directorate also carries out independent audits of the Group's subsidiaries.

31. Financial Risk Management (continued)

Bodies implementing the risk management system

The Group's risk management system is implemented by the Risk Block, the Internal Control Department, the ALM Directorate and Global Markets Directorate, and the Legal Directorate.

The Risk Block

The Risk Block manages credit risks with respect to particular borrowers and assesses risks relevant to the Group's overall loan portfolio. It is responsible for ensuring compliance with the Group's credit policies and the management of the quality of the Group's loan portfolio and monitors the relevant credit indicators and limits, as set by the Group's Credit Committee.

The Market Risk Management Department

The Market Risk Management Department manages liquidity risks, market risks, interest rate risks, and foreign exchange rate risks. It develops, manages and monitors stress-testing models and prepares contingency capital plans and liquidity-risk mitigation measures.

The Operational Risk Management Department

The Operational Risk Management Department is responsible for identifying operational risk, formulating operational risk management policies, evaluating results and recommending changes when appropriate.

The Risk Analysis And Modelling Directorate

The Risk Analysis And Modelling Directorate is responsible for reviewing and preparing summary reports on the state of risk management in the Group and coordinating with various functions of the Group to ensure the Group's approved risk appetite is aligned with its strategic objectives. The Risk Reporting and Analytics Division also analyses methods for modernising the Group's risk management tools and implements such changes where possible, strengthening and enhancing the effectiveness of the Group's risk management system, and identifies and collates information on any strategic risks and providing recommendations to tackle such risks.

The ALM Directorate and Global Markets Directorate

The ALM Directorate and Global Markets Directorate manages foreign currency exchange, money market, securities portfolio and derivatives operations and monitors compliance with the limits set by the ALCO for these operations. The ALM Directorate and Global Markets Directorate is also responsible for the management of short-term liquidity and treasury cash flows.

The Legal Directorate

The Legal Directorate monitors all changes in applicable laws and regulations and ensures that those changes are properly reflected in the Group's procedures, instructions, manuals, templates and other relevant documentation. It also disseminates information on legislative and regulatory changes to the relevant departments within the Group. The Legal Directorate also participates in drafting laws and regulatory documents upon the request of legislators and regulators, certain associations and other professional bodies.

31. Financial Risk Management (continued)

Credit risk

Credit risk is the risk that the Group may suffer a loss due to the failure of its customers or counterparties to discharge their contractual obligation. Credit risk arises mainly in the context of the Group's lending activities and other transactions with counterparties in which a risk arises that the counterparty will not pay amounts owed to the Group in full and/or when due. Sources of credit risk can take various forms therefore and include deteriorations in the financial conditions of individual borrowers, high credit concentration in respect of certain industries or geographies and a reduction or the risk of a reduction in the value of any collateral held by the Bank. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing the lending limits where appropriate. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. The general principles of the Group's credit policy are outlined in the Bank's credit risk management policy (the “Credit Risk Management Policy”), which is approved by the Supervisory Board and the CBU. The Credit Risk Management Policy also outlines the Group's credit risk control, monitoring procedures and credit risk management systems. The Credit Risk Management Policy is reviewed annually or more frequently if necessary. The Group identifies credit risk at both the individual borrower level and at the wider portfolio level by reference to common factors affecting certain industry sectors or geographies. The Credit Risk Management Policy provides the Group's lending activities with risk-weighted limits and sets concentration limits. The Supervisory Board approves risk appetite/tolerance and concentration limits.

Loan approval procedures

The procedures for approving loans, monitoring loan quality and for extending, refinancing and/or restructuring existing loans are set out in the Bank's credit policies. The Group evaluates its corporate clients based on their financial condition, credit history, business operations, market position, management, degree of shareholder support, proposed business and financing plan and the quality of the proposed collateral. The relevant subcommittee of the Credit Committee is responsible for making the decision for loan approval based on the credit memorandum, and where appropriate, the Credit Risk Manager's report. The loan approval procedures for retail loans depend on the type of retail lending product. Any applications for consumer loans, including credit cards and auto loans, are categorised under the “scoring” approval procedure. The Group's Credit Committee determines the amount, terms and conditions of all loans. Any applications for mortgages by retail clients are completed by the mortgage loan officer and submitted to the Credit Risk Division which is responsible for evaluating the associated credit risks.

In the case of micro-financing loans, the Bank's loan officers evaluate loan applications, prepare a project analysis and submit the proposals to the relevant branch credit committee, which makes the final credit decision. The individual members of each branch credit committee have equal voting authority and a credit decision will pass if a majority of the members vote in favour of it. Each branch credit committee is entitled to approve exposures within the Group's established limits for underwriting activities.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

31. Financial Risk Management (continued)

Credit risk (continued)

Some other specific control and mitigation measures are outlined below.

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

- State guarantee;
- Cash deposit;
- Real estate;
- Residential property;
- Equipment and inventory;
- Motor vehicle;
- Letter of surety;
- Insurance policy;
- Future cash flows.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

(b) *Concentration of risks of financial assets with credit risk exposure.* The Group's management focuses on concentration risk:

- The maximum risk to single borrower or group of affiliated borrowers shall not exceed 25 percent of the Group's tier 1 capital (with the exception of loans, the allocation of which is allowed on the basis of specific government decrees, guaranteed by the Government of the Republic of Uzbekistan, funded by the Fund for the Reconstruction and Development of the Republic of Uzbekistan and cash collateralized loans) in accordance with the CBU requirements;
- Total amount of unsecured credits to single borrower or group of affiliated borrowers shall not exceed 5 percent of Group's tier 1 capital;
- Total amount of all large credits shall not exceed Group's tier 1 capital by more than 8 times; and
- Total loan amount to related party shall not exceed Group's tier 1 capital.

The Group's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market risks.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rate and (c) equity products, all of which are exposed to general and specific market movements.

Currency risk. The Group takes on exposure to the effect of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. In respect of currency risk, the management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The Group measures its currency risk by:

- Net position on each currency should not exceed 10% of Group's regulatory capital (31 December 2023: 10%);
- Total net position on all currencies should not exceed 15% of Group's regulatory capital (31 December 2023: 15%).

The Group also measures its currency risk by matching financial assets and liabilities denominated in same currency and analyses the effect of appreciation/depreciation of that currency against Uzbekistan Soums to the profit and loss of the Group.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

31. Financial Risk Management (continued)

Market risk (continued)

The table below summarises the Group’s exposure to foreign currency exchange rate risk as at 31 December 2024:

<i>In millions of Uzbekistan Soums</i>	UZS	US Dollars	Euros	Other	Total
Monetary financial assets					
Cash and cash equivalents	4,325,852	4,547,921	183,642	32,302	9,089,717
Due from other banks	896,127	1,731,836	47	1	2,628,011
Loans and advances to customers	26,494,652	4,855,697	966,072	–	32,316,421
Debt securities at amortized cost	4,688,698	–	–	–	4,688,698
Other financial assets	2,906	1,566	2,947	–	7,419
Total monetary financial assets	36,408,235	11,137,020	1,152,708	32,303	48,730,266
Monetary financial liabilities					
Due to other banks	1,454	48,385	201,540	–	251,379
Customer accounts	13,219,850	4,437,476	169,986	28,077	17,855,389
Debt securities in issue	1,401,497	3,896,314	–	–	5,297,811
Lease liabilities	26,413	–	–	–	26,413
Borrowings from government, state and international financial institutions	16,063,524	2,657,303	1,128,451	–	19,849,278
Subordinated debt	328,343	256,341	–	–	584,684
Other financial liabilities	16,137	–	–	–	16,137
Total monetary financial liabilities	31,057,218	11,295,819	1,499,977	28,077	43,881,091
Net balance sheet position	5,351,017	(158,799)	(347,269)	4,226	

The table below summarises the Group’s exposure to foreign currency exchange rate risk as at 31 December 2023:

<i>In millions of Uzbekistan Soums</i>	UZS	US Dollars	Euros	Other	Total
Monetary financial assets					
Cash and cash equivalents	2,362,456	3,105,345	86,333	74,369	5,628,503
Due from other banks	641,848	740,772	86	161	1,382,867
Loans and advances to customers	25,238,910	6,305,306	2,092,532	–	33,636,748
Debt securities at amortized cost	2,417,907	–	–	–	2,417,907
Other financial assets	5,771	6,365	4,009	–	16,145
Total monetary financial assets	30,666,892	10,157,788	2,182,960	74,530	43,082,170
Monetary financial liabilities					
Due to other banks	–	617,135	508,173	–	1,125,308
Customer accounts	9,408,899	2,600,824	138,722	63,756	12,212,201
Debt securities in issue	808,607	3,720,851	–	–	4,529,458
Borrowings from government, state and international financial institutions	14,982,112	3,417,885	2,208,324	–	20,608,321
Subordinated debt	397,929	234,230	–	–	632,159
Other financial liabilities	195,580	–	26,502	–	222,082
Total monetary financial liabilities	25,793,127	10,590,925	2,881,721	63,756	39,329,529
Net balance sheet position	4,873,765	(433,137)	(698,761)	10,774	

The above analysis includes only monetary assets and liabilities. Financial assets at fair value through other comprehensive income are non-monetary assets and are not considered to give rise to any material currency risk.

During 2024 and 2023 changes of the possible movement of currency rates were associated with the decrease or increase in the volatility of the exchange rate.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

31. Financial Risk Management (continued)

Market risk (continued)

The following table presents sensitivities of profit or loss and equity to maximum observed changes in exchange rates during the respective years for respective currencies applied at the reporting date relative to the functional currency of the Group, with all other variables held constant:

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
	Impact on profit or loss	Impact on profit or loss
US Dollars strengthening by 5% (2023: 10%)	(7,940)	(42,698)
US Dollars weakening by 5% (2023: 10%)	7,940	42,698
Euro strengthening by 7% (2023: 15%)	(24,309)	(104,233)
Euro weakening by 7% (2023: 15%)	24,309	104,233

The exposure calculated only for monetary balances denominated in currencies other than the functional currency of the Group. Impact on equity would be the same as impact on the consolidated statement of profit or loss and other comprehensive income.

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

The Group manages fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Risk Block conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in market rates and its influence on the Group's profitability and reports on them to the Management.

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

<i>In millions of Uzbekistan Soums</i>	Less than 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Past due	Total
31 December 2024						
Total interest bearing financial assets	8,921,370	5,430,503	9,433,570	14,635,955	5,693,557	44,114,955
Cash and cash equivalents	4,482,891	-	-	-	-	4,482,891
Due from other banks	1,847,460	650,312	124,148	5,025	-	2,626,945
Loans and advances to customers	76,577	2,605,935	9,309,422	14,630,930	5,693,557	32,316,421
Debt securities at amortized cost	2,514,442	2,174,256	-	-	-	4,688,698
Total interest bearing financial liabilities	4,320,041	8,158,213	8,672,696	11,604,550	-	32,755,500
Due to other banks	251,379	-	-	-	-	251,379
Customer accounts	3,110,011	2,774,773	1,218,379	43,138	-	7,146,301
Debt securities in issue	81,990	3,853,681	1,362,140	-	-	5,297,811
Borrowings from government, state and international financial institutions	873,872	1,504,604	5,818,437	11,515,684	-	19,712,597
Subordinated debt	2,789	25,155	273,740	45,728	-	347,412
Net interest sensitivity gap at 31 December 2024	4,601,329	(2,727,710)	760,874	3,031,405	5,693,558	11,359,455

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

31. Financial Risk Management (continued)

Market risk (continued)

The table below summarises the Group’s exposure to interest rate risk as at 31 December 2023:

<i>In millions of Uzbekistan Soums</i>	Less than 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Past due	Total
31 December 2023						
Total interest bearing financial assets	4,078,775	5,753,537	11,230,408	15,685,018	2,670,037	39,417,775
Cash and cash equivalents	2,249,809	-	-	-	-	2,249,809
Due from other banks	165,791	247,730	694,613	5,177	-	1,113,311
Loans and advances to customers	471,049	4,280,026	10,535,795	15,679,841	2,670,037	33,636,748
Debt securities at amortized cost	1,192,126	1,225,781	-	-	-	2,417,907
Total interest bearing financial liabilities	4,847,414	5,177,416	10,158,817	10,960,364	-	31,144,011
Due to other banks	1,125,308	-	-	-	-	1,125,308
Customer accounts	1,314,694	1,614,952	864,924	820,567	-	4,615,137
Debt securities in issue	-	849,279	3,680,179	-	-	4,529,458
Borrowings from government, state and international financial institutions	2,405,719	2,688,030	5,330,986	10,043,804	-	20,468,539
Subordinated debt	1,693	25,155	282,728	95,993	-	405,569
Net interest sensitivity gap at 31 December 2023	(768,639)	576,121	1,071,591	4,724,654	2,670,037	8,273,764

The following table presents a sensitivity analysis of interest rate risk, which has been determined based on “reasonably possible changes in the risk variable”. The Group assesses the reasonably possible changes in interest rates in UZS and foreign currencies separately, in which financial assets and liabilities are denominated due to the different volatility of interest rates.

The impact on profit before tax is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets and liabilities held as at 31 December 2024 and 2023. The management of the Group believes income tax not to have a substantial effect for the purpose of interest rate risk management.

The impact on income before tax based on asset and liability values as at 31 December 2024 and 2023 is as follows:

<i>In millions of Uzbekistan Soums</i>	31 December 2024		31 December 2023	
	Interest rate	Interest rate	Interest rate	Interest rate
	+2%	-2%	+2%	-2%
FINANCIAL ASSETS:				
Loans to customers	143,225	(143,225)	158,049	(158,049)
FINANCIAL LIABILITIES:				
Borrowings from government, state and international financial institutions	38,920	(38,920)	56,802	(56,802)
Net impact on income before tax	104,305	(104,305)	101,247	(101,247)

The Group monitors interest rates for its financial instruments. The table below summarises interest rates based on reports reviewed by key management personnel:

<i>In % p.a.</i>	31 December 2024		
	UZS	USD	Euro
Assets			
Cash and cash equivalents	14-19%	4-8%	5%
Due from other banks	0-23%	0-9%	5%
Loans and advances to customers	0-45%	LIBOR 6M+3%-15.5%	EURIBOR 6M+3%-13%
Debt securities at amortized cost	15.28-17.14%	-	-
Liabilities			
Customer accounts	0-23%	0-8%	0-6%
Debt securities in issue	20.5%	5.5%	0%
Borrowings from government, state and international financial institutions	0-18.7%	2% - SOFR 6M + 0.75%-	3.28%-EURIBOR 6M +
Subordinated debt	3%	4.5%	0.7%-1.8%
		-	-

* Loans with low interest rates were issued under the state programs (See Note 19).

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

31. Financial Risk Management (continued)

Market risk (continued)

The table below summarises the Group’s exposure to interest rate risk as at 31 December 2023:

<i>In % p.a.</i>	31 December 2023		
	UZS	USD	Euro
Assets			
Cash and cash equivalents	0-22%	0-9%	-
Due from other banks	0-22%	0-8.5%	-
Loans and advances to customers	0-37%	SOFR 6M+3% -15.5%	EURIBOR 6M+3% – 13%
Debt securities at amortized cost	16-19.1%	-	-
Liabilities			
Due to other banks	6.5-18%	0-5.3%	0-4.2%
Customer accounts	0-23%	0-8%	0-6%
Debt securities in issue	16%	5.5%	-
Borrowings from government, state and international financial institutions	0%-15%	SOFR 6M + 1%-4.5%; SOFR 0.75%-3.75%	EURIBOR 6M + 0.7%- 2.6%
Subordinated debt	3%	-	-

The sign “-” in the table above means that the Group does not have the respective assets or liabilities in corresponding currency, or the Group has the respective assets and liabilities in corresponding currency with zero interest rate.

Other price risk. The Group has no material exposure to equity price risk.

The Group is exposed to prepayment risk through providing fixed loans, including mortgages, which give the borrower the right to early repay the loans. The Group’s current profit or loss and equity at the current balance sheet date would not have been significantly impacted by changes in prepayment rates because such loans are carried at amortised cost and the prepayment right is at or close to the amortised cost of the loans and advances to customers.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

31. Financial Risk Management (continued)

Geographical risk

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

<i>In millions of Uzbekistan Soums</i>	Uzbekistan	OECD	Non OECD	Total
Financial assets				
Cash and cash equivalents	5,090,641	3,973,217	25,859	9,089,717
Due from other banks	2,627,978	33	–	2,628,011
Loans and advances to customers	32,316,421	–	–	32,316,421
Debt securities at amortized cost	4,688,698	–	–	4,688,698
Financial assets at fair value through other comprehensive income	43,503	756	–	44,259
Other financial assets	7,419	–	–	7,419
Total financial assets	44,774,660	3,974,006	25,859	48,774,525
Financial liabilities				
Due to other banks	201,540	49,839	–	251,379
Customer accounts	17,855,389	–	–	17,855,389
Debt securities in issue	1,401,497	3,896,314	–	5,297,811
Borrowings from government, state and international financial institutions	17,706,985	1,868,665	273,628	19,849,278
Subordinated debt	584,684	–	–	584,684
Other financial liabilities	16,137	–	–	16,137
Total financial liabilities	37,766,232	5,814,818	273,628	43,854,678
Net position in on-balance sheet financial instruments	7,008,428	(1,840,812)	(247,769)	
Credit related commitments	872,530	–	–	872,530

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

<i>In millions of Uzbekistan Soums</i>	Uzbekistan	OECD	Non OECD	Total
Financial assets				
Cash and cash equivalents	4,538,710	1,018,519	71,274	5,628,503
Due from other banks	1,258,680	123,409	778	1,382,867
Loans and advances to customers	33,636,748	–	–	33,636,748
Debt securities at amortized cost	2,417,907	–	–	2,417,907
Financial assets at fair value through other comprehensive income	6,811	–	–	6,811
Other financial assets	16,145	–	–	16,145
Total financial assets	41,875,001	1,141,928	72,052	43,088,981
Financial liabilities				
Due to other banks	960,234	165,074	–	1,125,308
Customer accounts	12,212,201	–	–	12,212,201
Debt securities in issue	–	4,529,458	–	4,529,458
Borrowings from government, state and international financial institutions	17,088,356	3,119,292	400,673	20,608,321
Subordinated debt	632,159	–	–	632,159
Other financial liabilities	222,082	–	–	222,082
Total financial liabilities	31,115,032	7,813,824	400,673	39,329,529
Net position in on-balance sheet financial instruments	10,759,969	(6,671,896)	(328,621)	
Credit related commitments	2,775,145	–	–	2,775,145

31. Financial Risk Management (continued)

Geographical risk (continued)

Credit related commitments are presented on gross basis, i.e. inclusive commitments collateralized by cash deposits.

Assets, liabilities and credit related commitments have been based on the country in which the counterparty is located. Cash on hand has been allocated based on the country in which they are physically held. OECD includes mainly Japan, Switzerland, Austria, USA and Germany. Non-OECD includes mainly China and Russia.

Liquidity risk

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

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

The liquidity management of the Group requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements.

The Group calculates the liquidity ratio monthly in accordance with the requirement of the Central Bank of Uzbekistan.

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

The daily liquidity position is monitored by the ALM Directorate and Global Markets Directorate and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Risk block and the ALM Directorate.

The table below shows liabilities as at 31 December 2024 by their remaining contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows. These undiscounted cash flows differ from the amount included in the balance sheet because the balance sheet amount is based on discounted cash flows.

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

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

<i>In millions of Uzbekistan Soums</i>	Less than 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities					
Due to other banks	251,379	-	-	-	251,379
Customer accounts	13,879,980	3,217,234	1,393,705	399,627	18,890,546
Debt securities in issue	205,173	3,853,681	1,362,140	-	5,420,994
Borrowings from government, state and international financial institutions	1,048,087	2,594,685	10,307,306	17,496,558	31,446,636
Subordinated debt	5,298	32,568	294,666	350,171	682,703
Other financial liabilities	16,137	-	-	-	16,137
Letters of credit	207,084	-	-	-	207,084
Guarantees	531,262	-	-	-	531,262
Undrawn loan commitments	134,184	-	-	-	134,184
Total	16,278,584	9,698,168	13,357,817	18,246,356	57,580,925

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

31. Financial Risk Management (continued)

Liquidity risk (continued)

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

<i>In millions of Uzbekistan Soums</i>	Less than 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities					
Due to other banks	1,128,740	–	–	–	1,128,740
Customer accounts	8,862,788	2,061,249	1,120,476	1,000,198	13,044,711
Debt securities in issue	82,072	1,008,174	3,860,342	–	4,950,588
Borrowings from government, state and international financial institutions	2,824,124	3,680,834	8,966,396	15,448,966	30,920,320
Subordinated debt	2,972	33,988	311,354	399,278	747,592
Other financial liabilities	222,082	–	–	–	222,082
Letters of credit	592,582	–	–	–	592,582
Guarantees	871,775	–	–	–	871,775
Undrawn loan commitments	157,104	–	–	–	157,104
Total	14,744,239	6,784,245	14,258,568	16,848,442	52,635,494

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment disclosed in the above maturity analysis, because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit as included in the above maturity table does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

Customer accounts are classified in the above analysis based on contractual maturities. However, in accordance with Uzbekistan Civil Code, individuals have a right to withdraw their time deposits prior to maturity, if they forfeit their right to accrued interest.

The Group monitors remaining contractual maturities, which may be summarised as follows at 31 December 2024:

<i>In millions of Uzbekistan Soums</i>	On demand and less than 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	9,089,717	–	–	–	9,089,717
Due from other banks	1,847,846	650,312	124,828	5,025	2,628,011
Loans and advances to customers	800,776	3,073,018	11,419,594	17,023,033	32,316,421
Debt securities at amortized cost	2,514,442	2,174,256	–	–	4,688,698
Financial assets at fair value through other comprehensive income	44,259	–	–	–	44,259
Other financial assets	7,419	–	–	–	7,419
Total financial assets	14,304,459	5,897,586	11,544,422	17,028,058	48,774,525
Liabilities					
Due to other banks	251,379	–	–	–	251,379
Customer accounts	13,642,900	2,886,137	1,218,383	107,969	17,855,389
Debt securities in issue	81,990	3,853,681	1,362,140	–	5,297,811
Borrowings from government, state and international financial institutions	876,313	1,511,926	5,857,490	11,603,549	19,849,278
Subordinated debt	2,789	25,155	273,740	283,000	584,684
Other financial liabilities	16,137	–	–	–	16,137
Total financial liabilities	14,871,508	8,276,899	8,711,753	11,994,518	43,854,678
Net liquidity gap based on contractual maturities	(567,049)	(2,379,313)	2,832,669	5,033,540	4,919,847
Cumulative liquidity gap at 31 December 2024	(567,049)	(2,946,362)	(113,693)	4,919,847	–

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

31. Financial Risk Management (continued)

Liquidity risk (continued)

Remaining contractual maturities at 31 December 2023:

<i>In millions of Uzbekistan Soums</i>	On demand and less than 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Past due	Total
Assets						
Cash and cash equivalents	5,628,503	-	-	-	-	5,628,503
Due from other banks	310,007	371,525	696,158	5,177	-	1,382,867
Loans and advances to customers	471,050	4,280,025	10,535,795	15,679,841	2,670,037	33,636,748
Debt securities at amortized cost	1,192,125	1,225,782	-	-	-	2,417,907
Financial assets at fair value through other comprehensive income	6,811	-	-	-	-	6,811
Other financial assets	16,145	-	-	-	-	16,145
Total financial assets	7,624,641	5,877,333	11,231,952	15,685,018	2,670,037	43,088,981
Liabilities						
Due to other banks	1,125,308	-	-	-	-	1,125,308
Customer accounts	8,719,932	1,806,778	864,924	820,567	-	12,212,201
Debt securities issued	-	849,279	3,680,179	-	-	4,529,458
Borrowings from government, state and international financial institutions	2,409,186	2,698,580	5,387,250	10,113,305	-	20,608,321
Subordinated debt	1,693	25,155	282,728	322,583	-	632,159
Other financial liabilities	222,082	-	-	-	-	222,082
Total financial liabilities	12,478,201	5,379,792	10,215,081	11,256,455	-	39,329,529
Net liquidity gap based on contractual maturities	(4,853,560)	497,540	1,016,872	4,428,563	2,670,037	3,759,452
Cumulative liquidity gap at 31 December 2023	(4,853,560)	(4,356,020)	(3,339,148)	1,089,415	3,759,452	-

32. Management of Capital

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

Under the current capital requirements set by the CBU, banks have to maintain ratios of (actual ratios given below are unaudited):

- Ratio of regulatory capital to risk weighted assets (“Regulatory capital ratio”) above a prescribed minimum level of 13% (31 December 2023: 13%). Actual ratio as at 31 December 2024: 16.0% (31 December 2023: 17.6%);
- Ratio of Group's tier 1 capital to risk weighted assets (“Capital adequacy ratio”) above a prescribed minimum level of 10% (31 December 2023: 10%). Actual ratio as at 31 December 2024: 14.6% (31 December 2023: 14.3%);
- Ratio of Group's tier 1 capital to total assets less intangibles (“Leverage ratio”) above a prescribed minimum level of 6.0% (31 December 2023: 6.0%). Actual ratio as at 31 December 2024: 13.6% (31 December 2023: 13.5%).

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

32. Management of Capital (continued)

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

<i>In millions of Uzbekistan Soums</i>	31 December 2024 (unaudited)	31 December 2023 (unaudited)
Tier 1 capital	7,213,551	6,642,982
Tier 2 capital	730,256	1,534,494
Less: deductions from capital	-	-
Total regulatory capital	7,943,807	8,177,476

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, preference shares, retained earnings excluding current year profit and less intangible assets. The other component of regulatory capital is Tier 2 capital, which includes current year profit

33. Contingencies and Commitments

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

Tax legislation. Uzbekistan tax and customs legislation are subject to varying interpretations. Also, changes to regulation can occur frequently. Management’s interpretation of legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

The Uzbekistan tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged.

As a result, additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that its interpretation of the relevant legislation is appropriate and the Group’s tax, currency legislation and customs positions will be sustained. Accordingly, as at 31 December 2024, no provision for potential tax liabilities had been recorded (31 December 2023: no provision). The Group estimates that it has no potential obligations from exposure to other than remote tax risks (31 December 2023: no obligations).

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

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

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

33. Contingencies and Commitments (continued)

Outstanding credit related commitments are as follows:

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Guarantees	538,718	871,775
Financial guarantees	318,102	493,551
Non-financial guarantees	220,616	378,224
Letters of credit	210,385	592,582
Undrawn loan commitments	136,390	157,104
Total gross commitments and contingencies	885,493	1,621,461

As at 31 December 2024 the gross amount of Stage 1 commitments and contingencies was UZS 882,551 million, UZS 2,037 million (Stage 2) and UZS 904 million (Stage 3) (31 December 2023: Stage 1 was UZS 1,527,656 million, UZS 57,700 million (Stage 2) and UZS 36,105 million (Stage 3)).

All financial guarantees as at 31 December 2024 and 31 December 2023 are classified as Stage 1 of credit risk.

As at 31 December 2024 and 31 December 2023 cash held as security against letters of credit and guarantees constituted UZS 134,805 million and UZS 327,145 million, respectively.

As at 31 December 2024 and 31 December 2023 allowance for expected credit losses for credit related commitments constituted UZS 12,962 million and UZS 20,747 million, respectively.

All financial guarantees, letters of credit and irrevocable undrawn loans as at 31 December 2024 and 31 December 2023 are classified at low credit risk.

Credit related commitments are denominated in currencies as follows:

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
US Dollars	581,615	1,140,077
UZS	162,566	102,736
Euros	23,164	94,403
Other	105,186	263,498
Total	872,531	1,600,714

The Group’s all commitments and contingencies are considered to be as on demand due to the fact that according to contractual terms they can be allocated to the earliest period in which they can be called. Liquidity requirements to support calls under guarantees are considerably less than the amount of the commitments classified as on demand because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit classified as on demand does not necessarily represent future cash requirements, since most of these commitments will expire or terminate without being funded.

34. Fair Value of Financial Instruments

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

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

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

34. Fair Value of Financial Instruments (continued)

Financial assets and financial liabilities measured at fair value on a recurring basis

The fair value of the financial assets at fair value through other comprehensive income were determined as the present value of future dividends by assuming dividend growth rate of zero per annum. The Management built its expectation based on previous experience of dividends received on financial assets at fair value through other comprehensive income over multiple years, and accordingly calculated the value of using the average rate of return on investments. Management believes that this approach accurately reflects the fair value of these securities. These unquoted equity instruments were measured as Level 3.

Financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

As at 31 December 2024 and 2023, the fair value of financial assets and financial liabilities except for those shown below approximate their carrying value.

Financial Assets/Liabilities as at 31 December 2024	Fair value		Fair value hierarchy
	Carrying value	Fair value	
Loans and advances to customers	32,316,421	32,113,956	Level 3
Debt securities at amortized cost	4,688,698	4,696,223	Level 2
Due from other banks	2,628,011	2,623,030	Level 3
Due to other banks	251,379	251,306	Level 3
Customer accounts	17,855,389	17,863,969	Level 3
Borrowings from government, state and international financial institutions	19,849,278	19,726,819	Level 3
Debt Securities in issue (foreign currency)	3,896,314	3,845,557	Level 1
Debt Securities in issue (national currency)	1,401,497	1,442,590	Level 3

Financial Assets/Liabilities as at 31 December 2023	Fair value		Fair value hierarchy
	Carrying value	Fair value	
Loans and advances to customers	33,636,748	33,715,396	Level 3
Debt securities at amortized cost	2,417,907	2,435,204	Level 2
Due to other banks	1,125,308	1,125,418	Level 3
Customer accounts	12,212,201	11,931,730	Level 3
Borrowings from government, state and international financial institutions	20,608,321	21,062,531	Level 3
Debt Securities in issue (foreign currency)	3,720,851	3,487,079	Level 1
Debt Securities in issue (national currency)	808,607	809,290	Level 3

As at 31 December 2024 and 2023, the Group determined fair value for some of its financial assets and liabilities using the discounted cash flow model by applying the CBU statistical bulletin, which became open to public starting from 2019. Such financial instruments were categorised as Level 3.

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

Due to the absence of an active market or observable inputs for instruments with characteristics similar to the Group's financial instruments, the Management considered the latest rates as the most appropriate input from all available data for calculation of the fair value of financial assets and financial liabilities. Therefore, these long-term financial instruments that are not measured at fair value on a recurring basis, but where fair value disclosures are required, are categorised within Level 3. Transfers between levels of fair value hierarchy were not made in 2024 and 2023.

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

35. Related Party Transactions

Parties are generally considered to be related, if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related with the Group party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Group applies a disclosure exemption regarding Government-related entities, where the same Government has control or joint control of, or significant influence over, both the Group and the other entities disclosed as “other related entities – Government”.

“Key management personnel” – members of the Management Board and the Supervisory Board of the Group.

The outstanding balances with the entities under government control are disclosed in the related notes of the financial statements.

As at 31 December 2024 and 2023, the outstanding balances with related parties were as follows:

	31 December 2024		31 December 2023	
	Related party balances	Total category as per the financial statements caption	Related party balances	Total category as per the financial statements caption
ASSETS				
Cash and cash equivalents	2,294	9,089,717	–	5,628,503
- entities with significant influence over the Group	2,294		–	
Debt securities of the Government of the Republic of Uzbekistan	1,486,907	4,688,698	–	2,417,907
- other related entities – Government	1,486,907		–	
Loans and advances to customers	2,437	32,316,421	3,217	33,636,748
- key management personnel	2,437		3,217	
LIABILITIES				
Due to other banks	49,839	251,379	164,978	1,125,308
- Parent company	49,839		164,978	
Customer accounts	557,174	17,855,389	319	12,212,201
- other related entities – Government	555,982		–	
- key management personal	1,192		319	
Borrowings from government, state and international financial institutions	15,193,516	19,849,278	15,065,717	20,608,321
- Parent company	–		692,735	
- entities with significant influence over the Group	15,193,516		14,372,982	

Amounts shown in the tables above as Parent company include balances of OTP bank as of 31 December 2024 and 2023.

The income and expense items with related parties for the year ended 31 December 2024 and 2023 were as follows:

	31 December 2024		31 December 2023	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Interest income	254	7,574,178	358,855	5,980,765
- entities with significant influence over the Group	–		112,742	
- other related entities - Government	–		245,648	
- key management personnel	254		465	
Interest expense	31,894	3,389,071	515,636	2,612,804
- Parent company	31,853		515,627	
- key management personnel	41		9	
Administrative and other operating expenses	24,677	1,760,123	13,778	1,433,847
- key management personnel	24,677		13,778	

Joint Stock Commercial Mortgage Bank "Ipoteka Bank" and its subsidiaries
Notes to the Consolidated Financial Statements (continued)

35. Related Party Transactions (continued)

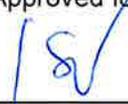
Key management compensation is presented below:

<i>In millions of Uzbekistan Soums</i>	For the year ended 31 December 2024	For the year ended 31 December 2023
Short-term benefits:		
- Salaries and other short term benefits	22,033	12,302
- Social Security costs	2,644	1,476
Total key management personnel compensation	24,677	13,778

36. Subsequent Events

There were no significant events after the reporting period.

Approved for issue and signed on behalf of the Management Board on 24 April 2025.


 Sandro Rtveldze
 Chairman of the Management Board




 Elyor Normetov
 Chief Accountant