

**JOINT STOCK COMPANY
“AVO BANK”**

Financial Statements and Independent
Auditor's Report For the Year Ended
31 December 2025

JOINT STOCK COMPANY "AVO BANK"

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JOINT STOCK COMPANY "AVO BANK"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Management is responsible for the preparation of financial statements that present fairly, in all material respects, the financial position of Joint-Stock Company "AVO bank" (the "Bank") as at 31 December 2025, and the results of its operations, cash flows and changes in equity for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

In preparing the 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;
- compliance with the requirements of IFRS Accounting Standards and providing additional disclosures when compliance with the specific requirements of IFRS Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance; and
- making an assessment of the Bank's ability to continue as a going concern.

Management is also responsible for:

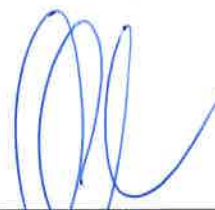
- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Bank;
- maintaining adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank, and which enable them to ensure that the financial statements of the Bank comply with IFRS Accounting Standards;
- 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 Bank; and
- preventing and detecting fraud and other irregularities.

The financial statements of the Bank for the year ended 31 December 2025 were approved by the Management Board on 7 April 2026.

On behalf of the Management Board:



D.S. Musienko
Chairman of the Management Board



A.S. Shaymardanov
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Supervisory Board of Joint Stock Company "AVO Bank"

Opinion

We have audited the financial statements of Joint Stock Company "AVO Bank" ("the Bank"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

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 Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Uzbekistan. We have also 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.

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

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

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

Erkin Ayupov, Qualified Auditor/Engagement Partner



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

- Identify and assess the risks of material misstatement of the 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 Bank'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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Management of the Bank is responsible for the Bank's compliance with prudential ratios set by the Central Bank of the Republic of Uzbekistan ("Central Bank") and ensuring that internal control and organization of risk management systems comply with Central Bank requirements.

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

- the Bank's compliance with prudential ratios as at 31 December 2025 set by the Central Bank;
- whether the elements of the Bank's internal control and organization of risk management systems comply with Central Bank requirements.

These procedures were selected based on our judgment, and were limited to an analysis and study of documents; a comparison of the Bank's approved requirements, procedures and methodologies with Central Bank requirements, as well as recalculations, comparisons and reconciliations of numerical data and other information.

Our findings from the procedures performed are as follows.

Based on our procedures with respect to the Bank's compliance with prudential ratios set by the Central Bank, we found that the Bank's prudential ratios, as at 31 December 2025, were within the limits set by the Central Bank.



We have not performed any procedures on the underlying accounting data of the Bank, other than those which we considered necessary to enable us to express an opinion as to whether the Bank's financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the IASB.

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


- in accordance with Central Bank requirements and recommendations, as at 31 December 2025, the Bank's internal audit function was subordinated and accountable to the Supervisory Board, and the risk management function of the Bank was not subordinated and accountable to subdivisions assuming corresponding risks;
- the frequency of reports prepared by the Bank's internal audit function during 2025 complied with Central Bank requirements. The reports were approved by the Bank's Supervisory Board and included observations made by the Bank's internal audit function in respect of internal control systems;
- as at 31 December 2025 the Bank has an information security function in place as required by the Central Bank, and an information security policy was approved by the Bank's Management Board. The information security function was subordinated to and reported directly to the Chairman of the Management Board;
- Reports by the Bank's information security function to the Chairman of the Management Board during 2025 included an assessment and analysis of information security risks, and the results of actions to manage such risks;
- the Bank's internal documentation, effective as at 31 December 2025, that sets out methodologies to identify and manage the Bank's significant risks, and carry out stress-testing, was approved by the Bank's authorised management bodies in accordance with Central Bank requirements and recommendations;
- as at 31 December 2025, the Bank maintained a system for reporting on the Bank's significant risks, and on the Bank's capital;
- the frequency during 2025 of reports prepared by the Bank's risk management functions, and which cover the Bank's management of significant risks, was in compliance with the Bank's internal documentation. Those reports included observations made by the Bank's risk management functions as to their assessment of the Bank's significant risks;
- as at 31 December 2025, the Supervisory Board and Executive Management of the Bank had responsibility to monitor the Bank's compliance with risk and capital adequacy limits set by Bank internal documentation. To exercise control over the effectiveness of Bank risk management procedures and their consistent application during 2025, the Supervisory Board and Executive Management of the Bank regularly discussed the reports prepared by the risk management and internal audit functions of the Bank, and considered proposed measures to eliminate weaknesses.

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

Audit Organisation "Deloitte & Touche" LLC is included in the Register of audit organisations of the Ministry of Economy and Finance of the Republic of Uzbekistan dated 08 June 2021



7 April 2026
Tashkent, Uzbekistan


Erkin Ayupov
Qualified Auditor/Engagement Partner
Auditor qualification certificate authorizing audit of companies, #04830 dated 22 May 2010 issued by the Ministry of Economy and Finance of the Republic of Uzbekistan

Auditor qualification certificate authorizing audit of banks, #44 dated 4 November 2025 issued by the Central Bank of the Republic of Uzbekistan

Director,
Audit Organisation "Deloitte & Touche" LLC

JOINT STOCK COMPANY "AVO BANK"
Statement of Financial Position as at 31 December 2025

<i>In million of Uzbekistan Soums</i>	Notes	31 December 2025	31 December 2024
ASSETS			
Cash and cash equivalents	5	196,865	186,615
Deposits with banks and payment systems	6	44,711	21,752
Loans and advances to customers	7	770,254	201,620
Investment securities at amortized cost	8	1,031	3,942
Premises, equipment and intangible assets	9	52,779	55,164
Deferred tax asset	19	4,834	-
Other assets	11	22,699	24,052
Non-current assets held for sale	10	2,727	6,394
TOTAL ASSETS		1,095,900	499,539
LIABILITIES			
Customer accounts	12	304,687	8,547
Debt Securities issued	13	298,055	-
Other liabilities	14	34,443	26,503
TOTAL LIABILITIES		637,185	35,050
EQUITY			
Share capital	15	692,891	692,891
Share premium	15	2,384	2,384
Retained earnings		(236,560)	(230,786)
TOTAL EQUITY		458,715	464,489
TOTAL LIABILITIES AND EQUITY		1,095,900	499,539

Approved for issue and signed on behalf of the Management Board on 7 April 2026.


D.S. Musienko
Chairman of the Management Board




A.S. Shaymardanov
Chief Financial Officer

The notes set out on pages 9 to 46 form an integral part of these financial statements.

JOINT STOCK COMPANY "AVO BANK"
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2025

<i>In million of Uzbekistan Soums</i>	Notes	2025	2024
Interest income	16	289,034	106,206
Interest expense	16	(38,672)	(3,021)
Net interest income		250,362	103,185
Charge of a provision for expected credit losses on loans and advances to customers	7	(116,507)	(119,771)
Net interest income after provision for expected credit losses on loans and advances to customers		133,855	(16,586)
Fee and commission income	17	200,024	47,542
Fee and commission expense	17	(58,935)	(30,738)
Recovery of / (provision for expected credit losses) on other financial assets and credit related commitments	20	2,192	(11,051)
Provision for impairment on assets held for sale		(2,417)	-
Other operating income		72	127
Net loss from foreign currency operations and revaluation of foreign currency		(62)	(110)
Administrative and other operating expenses	18	(285,337)	(150,598)
Loss before tax		(10,608)	(161,414)
Income tax benefit / (expense)	19	4,834	(1,965)
NET LOSS FOR THE YEAR		(5,774)	(163,379)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(5,774)	(163,379)

Approved for issue and signed on behalf of the Management Board on 7 April 2026.



D.S. Musienko
Chairman of the Management Board





A.S. Shaymardanov
Chief Financial Officer

JOINT STOCK COMPANY "AVO BANK"
Statement of Changes in Equity for the year ended 31 December 2025

In million of Uzbekistan Soums	Share capital	Share premium	Retained earnings	Total equity
1 January 2024	205,151	2,384	(67,407)	140,128
Net loss for the year	-	-	(163,379)	(163,379)
Total comprehensive loss for the year	-	-	(163,379)	(163,379)
Ordinary shares issued	487,740	-	-	487,740
31 December 2024	692,891	2,384	(230,786)	464,489
Net loss for the year	-	-	(5,774)	(5,774)
Total comprehensive loss for the year	-	-	(5,774)	(5,774)
31 December 2025	692,891	2,384	(236,560)	458,715

Approved for issue and signed on behalf of the Management Board on 7 April 2026.



D.S. Musienko
 Chairman of the Management Board




 A.S. Shaymardanov
 Chief Financial Officer

JOINT STOCK COMPANY "AVO BANK"
Statement of Cash Flows for the year ended 31 December 2025

<i>In million of Uzbekistan Soums</i>	Notes	2025	2024
Cash flows from operating activities			
Interest received		267,919	74,211
Interest paid		(35,734)	(2,369)
Fee and commission received		197,455	45,971
Fee and commission paid		(58,935)	(30,738)
Net income from operations in foreign currency		(62)	(110)
Other operating income		72	128
Staff costs		(49,819)	(35,650)
Other operating expenses		(204,350)	(122,669)
Income tax paid		(5,545)	-
Cash flows from operating activities before changes in operating assets and liabilities		111,001	(71,226)
<i>Net (increase) / decrease in operating assets</i>			
Mandatory reserves in CBU		-	282
Deposits with banks and payment systems		(24,523)	(20,090)
Loans and advances to customers		(663,000)	(296,785)
Non-current assets held for sale		891	1,092
Other assets		(179)	(1,522)
<i>Net increase / (decrease) in operating liabilities</i>			
Customer accounts		294,986	14,697
Other liabilities		491	(1,011)
Net cash used in operating activities		(280,333)	(374,563)
Cash flows from investing activities			
Investment securities purchased		-	(327,069)
Redemption of investment securities		2,929	323,718
Acquisition of premises, equipment and intangible assets		(9,573)	(45,031)
Proceeds from disposal of premises, equipment and intangible assets		170	19
Net cash (used in) / from investing activities		(6,474)	(48,363)
Cash flows from financing activities			
Issue of ordinary shares		-	487,740
Repayment of lease liabilities		(1,391)	(513)
Proceeds from debt securities in issue		298,017	-
Net cash from financing activities		296,626	487,227
The effect of changes in exchange rates on cash and cash equivalents		306	(344)
The effect of expected credit losses on cash and cash equivalents		125	(290)
Net change in cash and cash equivalents		10,250	63,667
Cash and cash equivalents at the beginning of the year	5	186,615	122,948
Cash and cash equivalents at the end of the year	5	196,865	186,615

Non-cash transactions

Written off loans		65,744	28,662
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Approved for issue and signed on behalf of the Management Board on 7 April 2026.


D.S. Musienko
Chairman of the Management Board




A.S. Shaymardanov
Chief Financial Officer

The notes set out on pages 9 to 46 form an integral part of these financial statements.

1. Principal activities

Joint-stock company "AVO Bank" (formerly Joint-Stock Commercial Bank "Uzagroexportbank") (hereinafter referred to as the "Bank") was initially established on the basis of the Resolution of the President of the Republic of Uzbekistan "On the formation of the joint-stock commercial bank "Uzagroexportbank" No. PP-2740 dated 24 January 2017. After the acquisition of the Bank by its current shareholder in 2023, the Bank changed the focus to retail banking with an emphasis on credit card products.

Registered address and place of business. The Bank's registered address is: 29A Nukus Street, Tashkent, 100031, Uzbekistan. The Bank carries out banking activities through its head office and has no branches as at 31 December 2025.

The Bank operates under a banking license No. 83 reissued by the Central Bank of the Republic of Uzbekistan ("CBU") on 28 February 2025.

The total number of employees as at 31 December 2025 was 307 people (31 December 2024: 240 people).

Shareholder. As at 31 December 2025 and 2024, 100% of the Bank's shares belong to FC LLC "AVO.UZ" (Uzbekistan), the ultimate beneficiary owner of which is Ruslan Adilbaev.

Operating environment

Emerging markets such as Uzbekistan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Uzbekistan continue to change rapidly, while tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Uzbekistan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

As Uzbekistan produces and exports large volume of gold, its economy is sensitive to the global gold price. The gold price grew steadily throughout 2025, averaging 3,472.54 US Dollars per troy ounce (2024: 2,388.98 US Dollars per troy ounce).

The military and political conflict between Russia and Ukraine escalated in early 2022, resulting in several countries introducing economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises.

A significant portion of cash transfers to Uzbekistan comes from Russia, which means they may fluctuate depending on the nature of the sanctions imposed and their impact on the Russian economy, as well as Russian Ruble devaluation. As these factors change from year to year, the exact impact on Uzbekistan's financial environment remains uncertain and difficult to predict.

Uzbekistan is currently working towards joining the World Trade Organization and aims to complete the process in March 2026, which will significantly impact market conditions for local players and also open up opportunities for participants outside of Uzbekistan.

Uzbekistan is undergoing significant economic reforms, including liberalisation of the energy sector (gas and electricity), which, historically, have been substantially government subsidised to limit the cost burden on businesses and households. The ongoing reform programme envisages a gradual reduction of subsidies and a transition towards more cost-reflective tariff structures. As a result, energy prices may rise over time, which could impact operating costs.

Management continues to monitor regulatory developments and assess their potential financial impact. At the end of 2025, Uzbekistan's gross domestic product ("GDP") growth was at 6.8% (2024: 6.5%). In 2025, inflation in Uzbekistan decreased to 7.5% per annum in 2024 (2024: 9.8%). In March 2025, the Central Bank of the Republic of Uzbekistan increased the base rate to 14% per annum from 13.5% per annum at the beginning of the period. However, uncertainty still exists with respect to the future development of geopolitical risks and their impact on the Uzbekistan economy. In 2025, the national currency appreciated for the first time against the US Dollar, by 6.8%, against a devaluation in previous years, such as 4.71% against the US Dollar in 2024.

Management of the Bank is monitoring developments in the economic, political, and geopolitical situation and taking measures it considers necessary to support the sustainability and development of the Bank's business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Bank's operations.

2. Basis of preparation

Statement of compliance. These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board. The Bank maintains its accounting records in accordance with the respective laws of the Republic of Uzbekistan. These financial statements have been prepared from statutory accounting records and have been adjusted to conform to IFRS Accounting Standards. These adjustments include certain reclassifications to reflect the economic substance of underlying transactions including reclassification of certain assets and liabilities, income and expenses to appropriate financial statement caption.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

Presentation and functional currency. These financial statements are presented in millions of Uzbekistan Soums ("UZS millions"). Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates ("the functional currency"). The functional currency of the Bank is UZS.

Going concern

The accompanying financial statements of the Bank have been prepared on a going concern basis, which assumes the Bank will continue its operations for the foreseeable future, at least the next 12 months. In assessing this basis, the Management Board has considered the following factors:

Current financial position and performance

The Bank's financial results for the year ended 31 December 2025 show a net loss of UZS 5,774 million (2024: net loss of UZS 163,379 million), representing a significant decrease in net losses of UZS 157,605 million. For the year ended 31 December 2025, the Bank incurred a net cash outflow from operating activities in the amount of UZS 280,333 million (2024: UZS 374,563 million). The net cash outflow from operating activities is predominantly due to lending the funds received from issued debt securities (Note 13) and term deposits attracted from individuals which led to an increase in the loans to customers (Note 7). The Management of the Bank believes that the cash outflows outlined above combined with ongoing support by the sole shareholder do not raise a concern over the Bank's ability to continue as a going concern.

The Bank continues to execute its strategic business plan of repositioning toward retail banking. These results reflect deliberate investments in:

- expansion of the loan portfolio, particularly credit card offerings, to capture market share in the consumer lending sector;
- customer acquisition initiatives including targeted marketing and products incentives to expand the retail customer base;
- technological infrastructure including digital banking solutions, cybersecurity, and credit assessment tools to enhance operational efficiency, customer experience, and scalability.

The Management Board finds these expenditures as integral to establishing the foundation for long-term profitability, with returns expected to materialize as the loan portfolio matures and customer engagement deepens.

Profitability outlook

The Management Board anticipates positive cash flow from operating activities, supported by revenue generation from expansion of its customer base, and from gradual maturity of current investments and operational scaling initiatives outlined in the business plan. The Bank also plans to enhance its product offerings with the launch of a new microloan product after the first quarter of 2026. These initiatives reflect the Bank's commitment to sustaining its operational growth and financial performance.

Funding strategy and liquidity position

The Bank's funding structure comprised a combination of equity and debt financing by the end of 2025 year. Also, as at 31 December 2025, the Bank's cash and cash equivalents amounted to UZS 196,865 million (2024: UZS 186,615 million) against its total liabilities of UZS 637,185 million (2024: UZS 35,050 million). To further strengthen liquidity, the Management Board took proactive steps to secure UZS 298,017 million in 2025 year from a private placement of bonds received from an investment fund affiliated with the shareholder and from the ultimate beneficial owner. In 2026, the Management plans to issue deposit certificates for a total amount of UZS 500,000

million with a maturity of 3 years, in the placement of which the ultimate beneficial owner and mentioned above fund will actively participate.

Based on the Bank's strategic plans for the financial year 2026 management intends to finance its ongoing and planned operational activities through a diversified funding structure balanced by long-term debt and customer accounts. The Bank plans to attract deposits from both consumer and corporate clients as a primary source of funding.

Management also anticipates that capital injections will be made if necessary to ensure compliance with regulatory capital adequacy requirements, including all applicable capital buffer thresholds. These planned measures are expected to provide sufficient flexibility for the Bank to maintain prudent capitalization levels while supporting its active operations throughout 2026.

Regulatory compliance and prudential strength

As disclosed in Note 21, the Bank currently meets prudential capital adequacy and liquidity requirements prescribed by the CBU, with significant headroom above minimum regulatory requirements (e.g., capital adequacy, Tier 1 capital). This robust compliance underscores the Bank's financial resilience and ability to absorb near-term operational losses.

After evaluating the business plan, related-party funding arrangements, shareholder commitments and regulatory compliance, the Management Board of the Bank confirm that the going concern basis remains appropriate. The financial statements do not include adjustments that would apply if the Bank were unable to continue operations.

3. Material accounting policy information

Net interest income

Net interest income comprises interest income and interest expense, calculated using the effective interest method, for all financial instruments except for those classified as held for trading and those measured or designated as at fair value through profit or loss (FVTPL).

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter year, to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the financial instrument, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. 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 (ECLs)). For financial assets purchased or originated credit-impaired (POCI), the EIR determined at initial recognition reflects the ECLs at the date in determining the future cash flows expected to be received from the financial asset.

Net fee and commission income

Fee and commission income and expense include fees other than those that are an integral part of EIR (see above). These fees, which are generally recognised as the services are provided, include fees charged for account management, fees for money transfers, plastic card issuance and maintenance, cash withdrawal and foreign currency transactions and credit cards fees.

Fee and commission expenses with regards to services are accounted for as the services are received.

Financial instruments

Financial assets and financial liabilities are recognised in the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Bank accounts for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, or if the valuation technique includes unobservable inputs and those unobservable inputs are insignificant relative to their contribution to the difference between the fair valuation and the transaction price, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss)
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a systematic and rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the financial asset within the time frame established by regulation or convention in the market place. For all financial assets the amount presented in the statement of financial position includes all amounts receivable, including accrued interest.

All recognised financial assets are subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

Business models

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset.

The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business models do not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank's business models reflect how the Bank manages its financial assets in order to generate cash flows and determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Bank considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as so-called 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassesses its business models each reporting year to determine whether the business models have changed since the prior reporting year. For the current and prior reporting year the Bank has not identified any changes in its business models.

The Bank's business comprises of primarily loans and advances to customers that are held for collecting contractual cash flows.

Some investment securities are held by the Bank's central treasury function to meet the Bank's everyday liquidity needs. The Bank seeks to minimise the costs of managing its everyday liquidity needs and therefore actively manages the return on the portfolio. The Bank considers that these financial assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows.

SPPI test

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs and a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Reclassifications

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The business model reflects how groups of financial assets are managed together to achieve a business objective and does not depend on management's intention for individual financial assets. A change in business model will occur only when the Bank begins or ceases to perform an activity that is significant to its operations. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting year following the change in business model that results in reclassifying the Bank's financial assets. During the current financial year and previous accounting year there was no significant change in the Bank's operation. As result there was no change in the business model under which the Bank holds financial assets and therefore no reclassifications were made.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognized in the statement of profit or loss as net gain on foreign exchange operations.

Impairment

The Bank recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- cash and cash equivalents;
- loans and advances to customers;
- investment securities at amortised cost;
- deposits with banks and payment systems;
- other financial assets.

With the exception of purchased or originated credit-impaired (POCI) financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1)
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive discounted at the asset's EIR.

- for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down

The Bank measures ECL on a collective basis for portfolios of loans that share similar economic 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.

General Definition of Credit-Impaired Financial Assets. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties;
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

Specific Impairment Criteria by Asset Type

Loans and Advances to Customers

For loans, credit impairment is indicated when:

- Payments are overdue by more than 90 days;
- A concession is granted due to deterioration in the borrower's financial condition (unless there is evidence that the risk of not receiving contractual cash flows has significantly reduced and no other impairment indicators exist);
- The loan is categorized as "unsatisfactory," "doubtful," or "hopeless" according to regulatory classification;
- There is evidence of significant financial difficulties of the borrower;
- Legal proceedings have been initiated against the borrower.

Investment securities at amortized cost

For investment securities at amortized cost, the Bank assesses credit impairment at each reporting date by evaluating:

- Bond yields;
- Credit ratings;
- The issuer's ability to raise funding;
- Market liquidity and activity for the security;
- Issuers with ratings of "CC" or below.

Deposits with banks and payment systems

For interbank placements and correspondent accounts, credit impairment is identified through:

- External credit ratings dropping to "CC" or below;
- Inability to access funds for more than 5 days;
- Cross-default events with other obligations of the financial institution;
- Regulatory actions against the counterparty bank;
- Significant deterioration in the financial institution's capital position.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default.

Definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Bank considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Bank;
- the borrower is unlikely to pay its credit obligations to the Bank in full.

This definition of default is used by the Bank for accounting and internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

Significant increase in credit risk

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank measures the loss allowance based on lifetime rather than 12-month ECL. The Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

When an asset becomes 30 days past due, as a back-stop, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Expected Credit Loss (ECL) Model and Forward-Looking Information

The Bank's ECL model suggests incorporation of forward-looking macroeconomic information to estimate credit losses over the lifetime of financial instruments. However, considering that the credit card product as a whole is new to the market in Uzbekistan and is newly launched by the Bank, a limited historical default data is available to establish a statistically robust correlation between portfolio-level defaults and macroeconomic factors.

In the absence of sufficient internal historical data, the Bank has not applied forward-looking assumptions in the calculation of ECL. The Bank, however, will continue to refine its approach as the credit card portfolio matures and sufficient historical data becomes available. Regular model validation and updates to macroeconomic scenarios will ensure ongoing alignment with observed credit behaviour and evolving economic conditions.

Modification and derecognition of financial assets

The Bank's credit card contracts include clauses that impose late payment penalties in the event of payment delinquencies. These penalties are contractually embedded in the original terms and represent compensation for increased credit risk and time value of money resulting from late payments.

Where a customer becomes delinquent and is charged a late payment penalty, such amounts are recognized as an adjustment to the effective interest rate and are therefore treated as part of interest income in accordance with IFRS 9. The resulting modification of expected cash flows is assessed under the guidance for modification of financial assets.

The Bank evaluates whether the imposition of late payment penalties represents a substantial modification of the contractual terms. If the modification is not substantial, the gross carrying amount of the financial asset is adjusted to reflect the revised cash flows, discounted at the original effective interest rate, and no derecognition occurs. The adjustment is recognized in profit or loss.

If the modification were considered substantial, which is not typically the case for isolated late payment penalties, the original asset would be derecognized, and a new asset recognized.

Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains, which will be presented in 'Recovery of impairment on other non-financial assets' in the statement of profit or loss and other comprehensive income.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of functional currency cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. For all financial liabilities the amount presented on the statement of financial position represent all amounts payable including interest accruals.

Other financial liabilities

Other financial liabilities, including customer accounts and other financial liabilities, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The EIR is the rate that exactly discounts estimated future cash flows through the expected life of the financial liability, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

Modification and derecognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. To determine if the modified terms of a liability are substantially different to the original terms a similar process with modification of financial assets is followed. The modification is assessed at first on a qualitative basis. If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied. It is assumed that the terms of the financial liability are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the Bank recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original EIR. The Bank recognises any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification.

Customer accounts

Customer accounts are non-derivative liability to individuals carried at amortised cost.

Debt securities issued

Debt securities issued represent bonds issued by the Bank, which are accounted for according to the same principles used for amounts due to customers and credit institutions. Any difference between proceeds received, net of debt issuance costs, and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Bank supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost of assets less their residual value over their useful lives, using the straight-line method, on the following bases:

Right of use assets	5 years
Office and computer equipment	From 2.5 to 10 years
Transport	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter year of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives (currently 5 years). The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition.

Cash and cash equivalents

In the statement of financial position, cash and cash equivalents are comprised of cash (i.e. cash on hand and on-demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Deposits with central banks or other financial institution counterparties that are subject to third party contractual restrictions are included as part of cash unless the restrictions result in a deposit no longer meeting the definition of cash.

Mandatory reserves with the Central Bank

Obligatory reserves with the Central Bank of the Republic of Uzbekistan which are not available to finance the Bank's day-to-day operations and hence are not considered as part of cash and cash equivalents for the purposes of the statement of cash flows. Effective from 1 July 2024, the Central Bank of the Republic of Uzbekistan revised the regulatory framework governing the maintenance of obligatory reserves. Under the revised approach, commercial banks of the Republic of Uzbekistan are required to maintain 100% averaging of obligatory reserve within their correspondent accounts with the Central Bank, thus, from 1 July 2024, these amounts are considered as part of cash and cash equivalents for the purposes of the statement of cash flows

Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity, if any.

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.

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 Bank has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are initially recognised as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the periods in which they are incurred.

IFRS 16 changes how the Bank accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Bank:

- Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g., rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Bank has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'Administrative and other operating expenses' in profit or loss.

Contingencies

Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the statement of financial position but disclosed when an inflow of economic benefits is probable

Deposits with banks and payment systems

Deposits with banks and payment systems represent funds placed by the Bank with payment system operators (Visa, Mastercard via Asakabank) as collateral to ensure the Bank's participation in the payment systems and to secure the settlement of card transactions. These deposits are classified as financial assets measured at amortized cost.

The Bank places these guarantee deposits in accordance with the requirements of the respective payment system operators. The amounts of deposits are determined based on the Bank's transaction volumes, risk profile, and the specific requirements of each payment system. The deposits are generally subject to certain restrictions on withdrawal and are maintained for the duration of the Bank's participation in the respective payment systems.

The Bank assesses these deposits for expected credit losses in accordance with IFRS 9. Given the nature of the counterparties (established payment system operators), these deposits are considered to have low credit risk, and the Bank calculates loss allowances based on 12-month expected credit losses unless there has been a significant increase in credit risk since initial recognition.

Significant accounting judgments and estimates

In the application of the Bank's accounting policies the Bank management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank takes into account qualitative and quantitative reasonable and supportable information. Refer to Note 20 for more details.

Models and assumptions used. The Bank 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. See Notes 3, 7 and 20 for more details on ECL and Note 24 for more details on fair value measurement.

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. See Notes 3, 7 and 20 for more details.

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. See Notes 3 and 20 for more details.

Recoverability of deferred tax assets. The recognition and measurement of deferred tax assets require significant management judgment, particularly in assessing whether it is probable that future taxable profit will be available against which these assets can be utilized. The Bank evaluates recoverability based on forecasts of future taxable income and the timing of reversal of temporary differences.

In determining the recoverability of deferred tax assets, the Bank considers recent financial performance and projected future profitability, which is inherently uncertain and depends on macroeconomic conditions, business performance and regulatory changes.

Where uncertainties exist, the Bank applies prudence, recognizing deferred tax assets only to the extent that their utilization is supported by convincing evidence. These estimates are reviewed annually, with adjustments reflected in the financial statements as new information arises.

4. Application of new and revised IFRS Accounting Standard

Application of new and revised IFRS Accounting Standards

New and amended IFRS Accounting Standards that are effective for the current year.

The following amendments and interpretations are effective for the Bank effective 1 January 2025:

<i>Amendments to IAS 21 – Lack of Exchangeability</i>	<i>1 January 2025</i>
<i>Amendments to SASB Standards to enhance their international applicability</i>	<i>1 January 2025</i>

The above standards and interpretations were reviewed by the Bank's management, but did not have a significant effect on the financial statements of the Bank.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Bank has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New or revised standard or interpretation	<i>Applicable to annual reporting years beginning on or after</i>
<i>Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments</i>	<i>1 January 2026</i>
<i>Annual improvements to IFRS Accounting Standards – Volume 11</i>	<i>1 January 2026</i>
<i>IFRS 18 – Presentation and Disclosures in Financial Statements</i>	<i>1 January 2027</i>

The Bank is currently assessing the possible impact of IFRS 18. Until the Bank has completed its review, it is not possible to make a reasonable estimate of the financial impact.

5. Cash and cash equivalents

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Cash on hand	15,182	7,456
Cash balances with the CBU	155,598	163,796
Correspondent accounts and overnight placements with other banks	26,147	15,550
Less – Allowance for expected credit losses	(62)	(187)
Total cash and cash equivalents	196,865	186,615

Cash on hand represents cash balances maintained in ATMs.

As at 31 December 2025, cash balances with the CBU include an overnight placement with the Central Bank earning 12% interest in the amount of UZS 50,000 million (2024: UZS 113,000 million, 11.5%-13.5%).

All balances of cash equivalents, except for cash on hand, are allocated to stage 1 and the credit quality at 31 December 2025 is as follows:

<i>In million of Uzbekistan Soums</i>	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Total
-Central Bank of Uzbekistan	155,598	-	155,598
- Rated BB	-	26,147	26,147
Less: Allowance for expected credit losses	(53)	(9)	(62)
Total cash and cash equivalents, excluding cash on hand	155,545	26,138	181,683

All balances of cash equivalents, except for cash on hand, are allocated to stage 1 and the credit quality at 31 December 2024 is as follows:

<i>In million of Uzbekistan Soums</i>	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Total
-Central Bank of Uzbekistan	163,796	-	163,796
- Rated BB-	-	15,550	15,550
Less: Allowance for expected credit losses	(176)	(11)	(187)
Total cash and cash equivalents, excluding cash on hand	163,620	15,539	179,159

6. Deposits with banks and payment systems

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Mastercard	8,624	4,433
Paynet	6,823	5,265
Visa	50	50
Asaka bank	-	2,606
Restricted cash	30,795	10,674
Less – Allowance for expected credit losses	(1,581)	(1,276)
Total deposits with banks and payment systems	44,711	21,752

Restricted cash represents a deposit placed with Mastercard, Asaka Bank and Paynet as a guarantee against liabilities arising from the Bank's operating activities in the event of cessation of operations.

All balances of deposits with banks and payment systems are allocated to stage 1 and the credit quality at 31 December 2025 is as follows:

<i>In million of Uzbekistan Soums</i>	Asaka	Visa	Restricted cash	Paynet	Mastercard	Total
- Rated A- to A+	-	50	23,991	-	8,624	32,665
- Rated BB-	-	-	6,704	-	-	6,704
- No rating	-	-	100	6,823	-	6,923
Less – Allowance for expected credit losses	-	(1)	-	(1,542)	(38)	(1,581)
Total deposits with banks and payment systems	-	49	30,795	5,281	8,586	44,711

All balances of deposits with banks and payment systems are allocated to stage 1 and the credit quality at 31 December 2024 is as follows:

<i>In million of Uzbekistan Soums</i>	Asaka	Visa	Restricted cash	Paynet	Mastercard	Total
- Rated A- to A+	-	50	2,847	-	4,433	7,330
- Rated BB-	2,606	-	7,727	-	-	10,333
- No rating	-	-	100	5,265	-	5,365
Less – Allowance for expected credit losses	(135)	-	-	(1,137)	(4)	(1,276)
Total deposits with banks and payment systems	2,471	50	10,674	4,128	4,429	21,752

7. Loans and advances to customers

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Loans to individuals, gross	920,545	301,148
Total loans and advances to customers, gross	920,545	301,148
Stage 1	622,051	133,563
Stage 2	204,510	108,401
Stage 3	93,984	59,184
Total loans and advances to customers, gross	920,545	301,148
Less – Allowance for expected credit losses	(150,291)	(99,528)
Total loans and advances to customers	770,254	201,620

JOINT STOCK COMPANY "AVO BANK"**Notes to the Financial Statements for the year ended 31 December 2025 (Continued)**

During 2025 the growth in loans to individuals reflects the continued expansion of the credit card portfolio, driven by increased lending volumes with offering a range of interest rates and higher credit limits depending on the borrower's credit score. As at 31 December 2025, loans and advances to customers included accrued interest in the amount of UZS 50,697 million (2024: 29,620 million) and accrued fee and commission income UZS 1,288 million (2024: 223 million).

As at 31 December 2025, the credit quality of loans and advances to customers is as follows

<i>In million of Uzbekistan Soums</i>	Stage 1	Stage 2	Stage 3	Total
Minimum credit risk	519,213	-	-	519,213
Low credit risk	102,838	-	-	102,838
Moderate credit risk	-	187,475	-	187,475
High credit risk	-	17,035	-	17,035
Default assets	-	-	93,984	93,984
Total loans and advances to customers, gross	622,051	204,510	93,984	920,545
Less - Allowance for expected credit losses	(25,608)	(47,588)	(77,095)	(150,291)
Total loans and advances to customers	596,443	156,922	16,889	770,254

As at 31 December 2024, the credit quality of loans and advances to customers is as follows:

<i>In million of Uzbekistan Soums</i>	Stage 1	Stage 2	Stage 3	Total
Minimum credit risk	133,247	-	-	133,247
Low credit risk	316	-	-	316
Moderate credit risk	-	98,397	-	98,397
High credit risk	-	10,004	-	10,004
Default assets	-	-	59,184	59,184
Total loans and advances to customers, gross	133,563	108,401	59,184	301,148
Less - Allowance for expected credit losses	(25,465)	(25,419)	(48,644)	(99,528)
Total loans and advances to customers	108,098	82,982	10,540	201,620

Information about days past due analysis of loans and advances to individuals as at year end as follows:

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Non-overdue	613,316	158,434
Overdue:		
- less than 30 days overdue	179,205	51,824
- 31 to 90 days overdue	49,201	35,740
- 91 to 180 days overdue	38,459	29,328
- 181 to 360 days overdue	39,431	25,822
- Over 360 days overdue	933	-
Total loans and advances to customers, gross	920,545	301,148
Less - Allowance for expected credit losses	(150,291)	(99,528)
Total loans and advances to customers	770,254	201,620

JOINT STOCK COMPANY "AVO BANK"
Notes to the Financial Statements for the year ended 31 December 2025 (Continued)

The tables below analyse information about the significant changes in the staging of gross carrying amount of loans to individuals and the allowance for expected credit losses during 2025:

<i>In million of Uzbekistan Soums</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	133,563	108,401	59,184	301,148
Transfer from stage 1	(43,065)	43,065	-	-
Transfer from stage 2	27,727	(81,828)	54,101	-
Transfer from stage 3	-	2,774	(2,774)	-
Changes in EAD*	(58,669)	147,962	51,793	141,086
Matured or derecognized assets (except for write off)	(25,091)	(15,864)	(3,201)	(44,156)
New assets issued or acquired	587,586	-	-	587,586
Written off assets	-	-	(65,744)	(65,744)
Recovery of early written-off assets	-	-	625	625
Gross carrying amount as at 31 December 2025	622,051	204,510	93,984	920,545

<i>In million of Uzbekistan Soums</i>	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as at 1 January 2025	25,465	25,419	48,644	99,528
Transfer from stage 1	(8,303)	8,303	-	-
Transfer from stage 2	7,063	(19,152)	12,089	-
Transfer from stage 3	-	2,206	(2,206)	-
Changes in expected credit losses**	(70,719)	34,503	86,266	50,050
Matured or derecognized assets (except for write off)	(4,778)	(3,691)	(2,579)	(11,048)
New assets issued or acquired	76,880	-	-	76,880
Written off assets	-	-	(65,744)	(65,744)
Recovery of early written-off assets	-	-	625	625
Allowance for expected credit losses as at 31 December 2025	25,608	47,588	77,095	150,291

The tables below analyse information about the significant changes in the staging of gross carrying amount of loans to individuals and the allowance for expected credit losses during 2024:

<i>In million of Uzbekistan Soums</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	383	-	-	383
Transfer from stage 1	(10)	10	-	-
Transfer from stage 2	-	(10)	10	-
Transfer from stage 3	-	-	-	-
Changes in EAD*	(167,643)	108,401	79,454	20,212
Matured or derecognized assets (except for write off)	-	-	-	-
New assets issued or acquired	300,833	-	-	300,833
Written off assets	-	-	(20,280)	(20,280)
Gross carrying amount as at 31 December 2024	133,563	108,401	59,184	301,148

<i>In million of Uzbekistan Soums</i>	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as at 1 January 2024	37	-	-	37
Transfer from stage 1	(5)	5	-	-
Transfer from stage 2	-	(5)	5	-
Transfer from stage 3	-	-	-	-
Changes in expected credit losses**	(35,791)	25,419	68,919	58,547
Matured or derecognized assets (except for write off)	-	-	-	-
New assets issued or acquired	61,224	-	-	61,224
Written off assets	-	-	(20,280)	(20,280)
Allowance for expected credit losses as at 31 December 2024	25,465	25,419	48,644	99,528

As at 31 December 2025, the Bank has no outstanding amount of corporate loans.

The tables below analyse information about the significant changes in the staging of gross carrying amount of corporate loans and the allowance for expected credit losses during 2024:

<i>In million of Uzbekistan Soums</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	-	-	8,382	8,382
Written off assets	-	-	(8,382)	(8,382)
Gross carrying amount as at 31 December 2024	-	-	-	-

<i>In million of Uzbekistan Soums</i>	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses as at 1 January 2024	-	-	8,382	8,382
Written off assets	-	-	(8,382)	(8,382)
Allowance for expected credit losses as at 31 December 2024	-	-	-	-

* The line "Changes in EAD" represents changes in the gross carrying amount of loans issued in prior periods which have not been fully repaid during 2025 and 2024 and transfers of new issued loans between stages.

** The line "Changes in expected credit losses" are attributable to changes in parameters (PD, LGD), changes in ECL and adjustment of ECL due to transfer to new stages, as well as 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.

Economic sector risk concentrations within the loans and advances to customers were as follows:

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Individuals – Mortgage	-	308
Individuals - Credit Cards	920,545	300,840
Less - Allowance for expected credit losses	(150,291)	(99,528)
Total loans and advances to customers	770,254	201,620

Loans and advances issued to individuals, consisting of credit cards, are unsecured.

The Bank applies different approaches to determining expected credit losses in accordance with IFRS 9. For the loans and advances to individuals in the portfolio, consisting of credit card receivables, expected credit losses are assessed on a collective basis using statistical models that incorporate historical default rates and current economic conditions.

The contractual interest rate on credit cards is between 27.9%-74.9% (2024: 47.9%) per annum.

8. Investment securities at amortized cost

<i>In million of Uzbekistan Soums</i>	Effective Interest rate	Maturity date month/year	31 December 2025	31 December 2024
Government bonds of Uzbekistan	18.26%	Apr 2026	1,033	3,953
Less - Allowance for expected credit losses			(2)	(11)
Total investment securities at amortized cost			1,031	3,942

9. Premises, equipment and intangible assets

	Office and computer equipment	Transport	Right of Use Assets	Total premises and equipment	Intangible assets	Total
Carrying value as at 31 December 2023	10,762	-	9,941	20,703	5,526	26,229
Cost:						
Balance as at 31 December 2023	14,557	553	12,647	27,757	6,500	34,257
Additions	29,661	-	12,361	42,022	2,536	44,558
Disposal and write-off	(413)	(122)	(12,647)	(13,182)	(91)	(13,273)
Balance as at 31 December 2024	43,805	431	12,361	56,597	8,945	65,542
<i>Accumulated depreciation and amortization:</i>						
Balance as at 31 December 2023	3,796	553	2,706	7,055	974	8,029
Depreciation and amortization	3,111	-	1,021	4,132	1,530	5,662
Disposal and write-off	(394)	(122)	(2,706)	(3,222)	(91)	(3,313)
Balance as at 31 December 2024	6,513	431	1,021	7,965	2,413	10,378
Carrying value as at 31 December 2024	37,292	-	11,340	48,632	6,532	55,164
Cost:						
Balance as at 31 December 2024	43,805	431	12,361	56,597	8,945	65,542
Additions	3,985	-	-	3,985	4,320	8,305
Modifications	-	-	3,590	3,590	-	3,590
Disposal and write-off	(2,010)	-	-	(2,010)	(4)	(2,014)
Balance as at 31 December 2025	45,780	431	15,951	62,162	13,261	75,423
<i>Accumulated depreciation and amortization:</i>						
Balance as at 31 December 2024	6,513	431	1,021	7,965	2,413	10,378
Depreciation and amortization	9,288	-	2,659	11,947	2,163	14,110
Disposal and write-off	(1,842)	-	-	(1,842)	(2)	(1,844)
Balance as at 31 December 2025	13,959	431	3,680	18,070	4,574	22,644
Carrying value as at 31 December 2025	31,821	-	12,271	44,092	8,687	52,779

As at 31 December 2025 and 2024, fully depreciated assets amount to UZS 2,264 million and UZS 2,974 million, respectively.

During the year, the Bank capitalised Intangible assets in the amount of UZS 1,731 million relating to implementation and configuration activities for a new credit scoring system provided by an external vendor. These set-up costs were recognised as intangible assets in accordance with IAS 38, as they are directly attributable to preparing the system for use and are expected to generate future economic benefits.

As at 31 December 2025 and 2024, premises and equipment of the Bank were not pledged.

10. Non-current assets held for sale

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Repossessed assets		
-Buildings held for sale	7,592	8,350
-Equipment held for sale	13	12
Impairment allowance	(4,878)	(1,968)
Total non-current asset held for sale	2,727	6,394

During 2025, the Bank continued the disposal process, generating sales proceeds of UZS 891 million (2024: UZS 1,092 million).

Based on the Management's assessment it was concluded that the assets with carrying amount of UZS 2,118 million would not be recoverable and recognised a full impairment.

The Bank continues to actively market these assets. The period required to complete the disposal has extended beyond twelve months mainly due to the time required to agree transaction terms, including pricing. Management reassesses expected selling prices on an ongoing basis and recognises impairment losses where necessary to reflect updated estimates of fair value less costs to sell. The management remains committed to its plan to dispose of these assets and continues to take active steps to complete the sale, including ongoing marketing and engagement with prospective buyers.

11. Other Assets

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Other financial assets		
Fee and commission income receivable	3,075	1,571
Settlement of operations with plastic cards	329	150
Less - Allowance for expected credit losses	(1,394)	(368)
Total other financial assets	2,010	1,353
Other non-financial assets		
Prepayment for services	6,917	9,844
Inventories and other values in the warehouse	6,244	12,140
Income tax prepayment	5,602	57
Prepayment for equipment and goods	1,926	658
Total other non-financial assets	20,689	22,699
Total other assets	22,699	24,052

Inventories mainly consist of blank plastic cards MC Platinum.

12. Customer Accounts

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Legal entities		
- Current/settlement accounts	85,869	146
- Term deposits	789	406
Individuals		
- Current/settlement accounts	17,591	7,995
- Term deposits	200,438	-
Total customer accounts	304,687	8,547

In 2025, the Bank started offering term deposits to individuals, with an interest rate of 22.52% for a six-month term.

During 2025 and 2024, the Bank has entered into two transactions with a related party:

- A UZS denominated loan with the carrying value of UZS 6,021 million and UZS 7,692 million (2024: UZS 6,564 million and UZS 8,000 million) bearing an interest of 14% and 14.55% per annum, respectively.
- A USD denominated term deposit with the carrying value equivalent to UZS 6,505 million and UZS 7,997 million (2024: UZS 6,714 million and UZS 8,256 million) received bearing an interest of 3.87% and 3.97% per annum, respectively.

These instruments have the same maturity and were entered into in contemplation of each other, contractually linked and are legally enforceable on a net basis in case of default under the terms of the agreements. These transactions were structured as a single economic arrangement and planned for simultaneous execution and settlement. Accordingly, the loan and the deposit have been presented on a net basis in the statement of financial position. As at 31 December 2025 and 2024, the net amount of UZS 789 million and UZS 406 million, respectively, has been presented within customer accounts as term deposits.

13. Debt securities issued

<i>In million of Uzbekistan Soums</i>	31 December 2025		
	Amount	Effective interest rate	Maturity year
Bonds	298,055	24.02%	2028
Total Debt securities issued	298,055		

During the year, the Bank started its first issue of debt securities through a private placement of bonds for total amount of UZS 500,000 million. The bonds carry a 22% nominal annual coupon and have a 3-year maturity.

	31 December 2024	Financing Cash inflow	Interest paid	Non-cash changes Interest accrued	31 December 2025
Debt securities issued	-	298,017	(21,480)	21,518	298,055

14. Other Liabilities

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Other financial liabilities		
Lease liability	14,304	12,105
Accounts payable	6,922	2,736
Accrued staff compensation costs	4,501	1,934
Total other financial liabilities	25,727	16,775
Other non financial liabilities		
Allowance for credit losses on credit related commitments	6,309	9,698
Provision on customer loyalty program	2,259	-
Taxes payable, other than income tax	148	30
Total other non-financial liabilities	8,716	9,728
Total other liabilities	34,443	26,503

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Maturity analysis:		
Year 1	4,552	4,521
Year 2	4,552	4,521
Year 3	4,552	4,521
Onwards	9,102	5,818
Gross lease liabilities	22,758	19,381
Less: unearned interest	(8,454)	(7,276)
Total lease liabilities	14,304	12,105
Analysed as:		
Current	1,850	1,834
Non-current	12,454	10,271
Total lease liabilities	14,304	12,105

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Total lease liability at the beginning of the year	12,105	13,629
Cash:		
Repayment	(1,391)	(513)
Interest paid	(3,046)	(1,853)
Non-cash:		
Additions	-	12,361
Modifications	3,590	-
Derecognition of lease liability due to termination of the contract	-	(13,372)
Interest expense	3,046	1,853
Total lease liability at the end of the year	14,304	12,105

15. Share capital

	Number of outstanding shares (in million)	Ordinary shares	Share premium	Total
At 1 January 2024	10,257,576	205,151	2,384	207,535
Ordinary shares issued	24,387,000	487,740	-	487,740
At 31 December 2024	34,644,576	692,891	2,384	695,275
Ordinary shares issued	-	-	-	-
At 31 December 2025	34,644,576	692,891	2,384	695,275

The number of ordinary shares remained unchanged during 2025.

All issued ordinary shares are fully paid. Each ordinary share carries one vote and share premium represents the excess of contributions received over the nominal value of shares issued.

16. Interest income and expense

<i>In million of Uzbekistan Soums</i>	2025	2024
Interest income		
Loans and advances to customers	272,175	78,270
Cash and cash equivalents	16,347	15,817
Investment securities at amortized cost	230	11,899
Other	282	220
Total interest income	289,034	106,206
Interest expense		
Debt securities issued	(21,517)	-
Customer accounts	(11,104)	(634)
Lease liabilities	(3,046)	(1,852)
Due to other banks	(2,589)	-
Other	(416)	(535)
Total interest expense	(38,672)	(3,021)
Net interest income	250,362	103,185

17. Fee and commission income and expense

<i>In million of Uzbekistan Soums</i>	2025	2024
Fee and commission income		
Fee for money transfers	154,202	36,398
Commission on plastic card issuance and maintenance	19,927	8,068
Settlement operations	13,583	379
Cash withdrawal fee	8,702	1,624
Foreign currency exchange transactions fee	1,576	432
Other	2,034	641
Total fee and commission income	200,024	47,542
Fee and commission expense		
Payment systems	(23,792)	(12,338)
Scoring and KYC	(22,539)	(13,209)
Operations with bank cards	(7,612)	(3,553)
Settlement operations	(1,695)	(646)
Payment channels	(1,765)	(502)
Other	(1,532)	(490)
Total fee and commission expense	(58,935)	(30,738)
Net fee and commission income	141,089	16,804

Payment systems fees represent fees for MasterCard, Visa and other payment systems' services. Payment channels represent fees paid to third parties through whom borrowers make loan repayments.

18. Administrative and other operating expenses

<i>In million of Uzbekistan Soums</i>	2025	2024
Salaries and bonuses	46,942	33,188
Unified social payment	5,336	3,997
Other employee benefits	108	151
Staff costs	52,386	37,336
Software maintenance	106,813	29,979
Advertising and marketing expenses	68,041	44,205
Depreciation and amortization	14,110	5,662
Communication	11,198	4,796
Operating Supplies – blank cards	5,896	1,471
Repairs and maintenance	5,180	6,179
Rent	4,689	7,075
Claims and litigations	4,114	3,582
Professional services	3,997	3,528
Membership fees	1,900	18
Taxes other than income tax	1,786	2,157
Stationary	481	975
Utilities	462	348
Vehicle maintenance costs	410	791
Security	255	417
Loss on sale of premises, equipment and intangible assets	168	19
Others	3,451	2,060
Total other operating expenses	232,951	113,262
Total administrative and other operating expenses	285,337	150,598

For the year ended 2025, expenses recognised under Software Maintenance category in the amount of UZS 80,439 million represent expenses incurred under a contract with the Bank's affiliated company, AVO Services and Technologies LLC (2024: UZS 8,680 million). The increase over a year is primarily attributable to the significant growth in the Bank's client base during 2025.

Expenses for professional services above include UZS 2,912 million and UZS 2,005 million including VAT for audit of the Bank's financial statements for the years ended 31 December 2025 and 2024, respectively. No other non-audit services were provided during the years ended 31 December 2025 and 2024.

Expenses for professional services above include fees for the audit of the Bank's financial statements. For the year ended 31 December 2025, the audit fee amounted to UZS 2,912 million (2024: UZS 2,005 million), inclusive of VAT. No non-audit services were provided during the years ended 31 December 2025 and 2024.

19. Income tax**(a) Components of income tax expense**

Income tax expense comprises the following:

<i>In million of Uzbekistan Soums</i>	2025	2024
Current tax charge	-	-
Deferred tax credit / (charge)	4,834	(1,965)
Total income tax benefit / (expense)	4,834	(1,965)

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

The effective statutory income tax rate was 20% in 2025 and 2024.

<i>In million of Uzbekistan Soums</i>	2025	2024
Loss before tax	10,608	161,414
Theoretical tax benefit at the applicable statutory rate - 20% (2024: 20%)	2,122	32,283
- Non-deductible expenses	(7,244)	(6,158)
- Non-taxable income:		
Interest income from state securities	1,166	2,380
Recovery of statutory loan reserves	1,220	-
Change in accumulated losses due to resubmission of tax report for 2024	3,686	-
Change in deferred tax asset not recognised	1,936	(28,446)
Other permanent differences	1,948	(2,024)
Net income tax benefit / (expense)	4,834	(1,965)
Net income tax expense relating to the components of other comprehensive income	-	-
Net Income tax benefit / (expense)	4,834	(1,965)

(c) Deferred tax analysed by type of temporary differences

Differences between IFRS Accounting Standards 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 2025 (2024: 20%).

The tax consequences of the movement of these temporary differences for 2025 and 2024, are presented in detail below:

JOINT STOCK COMPANY "AVO BANK"
Notes to the Financial Statements for the year ended 31 December 2025 (Continued)

	1 January 2024	In the statement of profit or loss	31 December 2024	In the statement of profit or loss	31 December 2025
Tax effects of temporary differences that reduce/ (increase) the tax base					
Cash and cash equivalents	95	(58)	37	(25)	12
Due from other banks	(4)	4	-	-	-
Guarantee deposits with payment systems	-	254	254	54	308
Loans and advances to customers	(64)	13,986	13,922	3,317	17,239
Investment financial assets	-	4	4	(4)	-
Fixed assets and intangible assets	944	(2,173)	(1,229)	(44)	(1,273)
Non-current assets held for sale	(1,892)	-	(1,892)	1,347	(545)
Other assets	37	(820)	(783)	792	9
Customer accounts	-	1,046	1,046	(1,046)	-
Debt securities issued	-	-	-	(208)	(208)
Other liabilities	2,849	1,844	4,693	(137)	4,556
Tax losses carried forward	4,419	12,394	16,813	(1,148)	15,665
Net deferred tax assets	6,384	26,481	32,865	2,898	35,763
Recognized deferred tax assets	8,344	28,425	36,769	1,020	37,789
Recognized deferred tax liabilities	(1,960)	(1,944)	(3,904)	1,878	(2,026)
Unrecognized deferred tax assets	(4,419)	(28,446)	(32,865)	1,936	(30,929)
Net deferred tax (liabilities) / assets	1,965	(1,965)	-	4,834	4,834

For the year ended 31 December 2025, the Management recognized deferred tax assets for the amount that it was able to utilize in 2025 in respect to tax losses carried forward. The total tax losses accumulated in 2025 and 2024 amounted to UZS 78,325 million and UZS 84,063 million, respectively.

JOINT STOCK COMPANY "AVO BANK"
Notes to the Financial Statements for the year ended 31 December 2025 (Continued)

20. Provisions for Expected Credit Losses

The following table illustrates the movement in provisions for expected credit losses for other financial assets and credit related commitments for the year ended 31 December 2025:

	Cash and cash equivalents			Deposits with banks and payment systems			Investment security at amortized cost			Other financial assets			Off-balance sheet items			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
1 January 2025	187			1,276			11			368			6,983			11,540
Transfer from stage 1	-	-	-	-	-	-	-	-	-	(12)	-	-	(1,330)	1,330	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-	-	-	(12)	12	1,462	(1,462)	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New assets issued or acquired	-	-	-	-	-	-	-	-	-	1,382	-	-	3,608	-	-	4,990
Matured or derecognized assets (except for write off)	-	-	-	-	-	-	-	-	-	(356)	-	-	(92)	(160)	(608)	-
Changes in expected credit losses	(125)			305			(9)			(1,350)		1,023	(6,520)	(225)		(6,574)
31 December 2025	62			1,581			2			32			4,111			9,348

21. Financial Risk Management

Risk Management Framework and Governance

The Bank is exposed to risks through its operating activities. These risks are managed through a systematic process of identification, measurement and monitoring, subject to risk limits and controls. This risk management process is critical to the Bank's continuing profitability.

The Supervisory Board has ultimate responsibility for establishing and overseeing the Bank's risk management framework. The Board has established separate bodies with specific risk management responsibilities:

The Risk Committee is responsible for developing risk strategy and implementing frameworks, policies and limits. It oversees fundamental risk matters and manages key risk decisions.

The Management Board monitors the overall risk process within the Bank and receives risk reports.

The Risk Management Department implements and maintains procedures ensuring independent risk control.

Bank Treasury manages the Bank's assets and liabilities with primary responsibility for funding and liquidity risks.

Internal Audit performs annual independent reviews of risk management controls and procedures, reporting findings to the Audit Committee.

Risk measurement and reporting system

The Bank is primarily exposed to credit risk, liquidity risk, market risk and operational risks. Business risks such as environmental, technological and industry changes are monitored through the strategic planning process rather than the independent risk control system.

Risk monitoring and control is primarily performed based on limits established by the Bank. These limits reflect the business strategy, market environment and the level of risk the Bank is willing to accept. The Bank also monitors and measures risk-bearing capacity in relation to aggregate risk exposure across all risk types and activities.

Information compiled from all business operations is examined and processed to identify, analyze and control risks. This information is presented to the Supervisory Board, Risk Committee and Management Board. Reports include aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Board receives a comprehensive risk report quarterly, while more detailed reporting occurs monthly (industry, customer and geographic risk analyses) and daily (market limits, investments and liquidity positions).

Risk Mitigation

As part of its overall risk management, the Bank uses various risk mitigation techniques and financial instruments to manage exposures arising from changes in interest rates, foreign currency fluctuations, equity and credit risks, as well as exposures related to forecast transactions.

Credit Risk

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

To ensure effective credit risk management at the loan origination stage, the Bank has centralized key functions — including decision-making, verification, and accounting — within its head office. A proprietary, fully automated, and data-intensive loan approval system has been implemented, enabling the Bank to make near-instant credit decisions. The Risk Management Division is responsible for maintaining credit risk assessment models and overseeing the overall decision-making framework with overall goal of maintaining Risk Appetite metrics. In addition, the division conducts periodic validations of the models to ensure consistency, accuracy, and the sustained quality of approved loans.

In the credit evaluation process, the Bank employs proprietary risk algorithms and predictive scoring models

developed using advanced statistical methodologies. These models leverage a broad spectrum of internal data sources, including loan application information, transaction histories, behavioral patterns, in conjunction with individual payment performance data. External data sources — such as information obtained from credit bureaus (e.g., "Credit Bureau" credit information analysis center LLC), the national pension fund and debit card transactions from other banks — further enhancing the robustness of the risk assessment process.

To safeguard the integrity of its lending operations, the Bank has also integrated automated antifraud mobile session controls and analytics into the loan approval workflow. These sessions monitoring of mobile app usage and in-app behavior apply internal fraud detection algorithms and external data inputs to perform real-time evaluations of each application. Applicants who exhibit behavioral or transactional characteristics associated with elevated fraud risk are systematically flagged and automatically rejected prior to the credit decision stage, thereby minimizing exposure to fraudulent activity. Various fraud monitoring rules are implemented and controlled throughout the life of already approved and debit card and credit card products to ensure protection against frauds even after client onboarding stages.

In 2025, the Bank has implemented risk-based pricing framework through enhanced analytical capabilities and the introduction of updated probability of default (PD) and income-sensitivity models. These developments enabled more granular differentiation of customers, including segmentation by the presence or absence of pension fund contributions, allowing the Bank to more accurately align interest rate tariffs, credit limits, and risk appetite with individual borrower risk profiles. As a result, the Bank applies different interest rate tariffs to distinct customer segments based on internal credit risk scoring, reflecting the assessed probability of default and expected loss characteristics. Portfolio quality is actively managed through credit limit increase (CLI) and credit limit decrease (CLD) programs, based on continuous assessment of customers' repayment behavior, including early delinquency signals through updated Probability of Default model based on client behavior.

The Bank continuously collects and analyzes customer activity data including timely repayments of customer obligations, allowing for the ongoing refinement and calibration of its credit decision-making models that are used for client portfolio management during credit limit increase and credit limit decrease programs. This dynamic data environment supports more precise risk differentiation and contributes to enhanced portfolio quality over time.

Credit Risk Assessment and Measurement

The Bank has established a portfolio quality review process to identify potential changes in counterparties' creditworthiness at an early stage. Individual credit limits are determined using a credit risk classification system that assigns each individual borrower to a specific risk category based on Probability of Default measuring expected NPL. These risk classifications are subject to regular review. This process enables the Bank to assess potential losses arising from its risk exposures and to take appropriate corrective action when necessary.

Exposure to credit risk arises from trade receivables, contract assets, cash and cash equivalents, and as a result of the Bank's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments. The Bank's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

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

Credit Risk Appetite – Credit Card Product. As part of the Bank's credit risk management framework, the risk appetite for the credit card product at the point of issuance is defined using the following two key metrics, monitored on a monthly basis:

Portfolio Share Without Official Income: The share of the credit card portfolio granted to clients without pension deductions shall not exceed 40%, measured in monetary terms.

These thresholds reflect the Bank's tolerance for credit risk exposure in line with its overall risk management strategy.

Limits. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Credit risk grading system. The Bank applies a structured credit risk grading system to assess and manage credit exposure, particularly for credit card borrowers. The internal credit rating is aligned with borrower behavior, including transaction patterns and utilization rates, while external credit ratings from credit bureaus are used as a relevant benchmark.

Depending on the financial asset type, the Bank utilizes multiple sources for credit quality assessment, including:

- International rating agencies (e.g., Standard & Poor's, Fitch),
- Credit bureau data, and

Internally developed credit ratings.

The Bank assigns each exposure to a credit risk grade reflecting the creditworthiness of the counterparty. Credit risk grades are defined using a combination of Days Past Due (DPD), regulatory classification by the Central Bank (CBU), and internal assessment models. These grades are closely aligned with the staging approach under IFRS 9 and are used to assess significant increases in credit risk and to estimate expected credit losses (ECL).

The credit risk grades and associated credit quality are defined as follows:

- Minimum credit risk – exposures demonstrate a strong ability to meet financial obligations. This category generally includes exposures at initial recognition, exposures with DPD between 0 and 15 days, and those classified as "Standard" by the CBU.
- Low credit risk – exposures demonstrate an adequate ability to meet financial obligations. This includes exposures with DPD between 16 and 30 days, provided they retain a "Standard" classification by the CBU.
- Moderate credit risk – exposures demonstrate a satisfactory ability to meet financial obligations, though signs of potential deterioration may be present. This includes exposures with DPD between 31 and 60 days, and/or classified as "Substandard" by the CBU. In some cases, "Standard" exposures with elevated DPD may also fall into this category.
- High credit risk – exposures with elevated risk levels that require intensified monitoring. Typically includes exposures with DPD between 61 and 90 days, or those showing clear signs of significant credit deterioration, even if not yet defaulted.
- Defaulted assets – exposures are considered credit-impaired or in default. This includes exposures with DPD exceeding 90 days, and/or those classified by the CBU as "Unsatisfactory", "Doubtful", or "Bad", irrespective of their prior internal or regulatory classification.

The assignment of exposures to these grades is integrated into the Bank's ECL framework and affects the staging of financial assets (i.e., Stage 1, Stage 2, or Stage 3) and the estimation of lifetime credit losses.

The Bank's internal credit risk rating models are developed using historical default and loss data and are subject to regular back-testing and recalibration. The credit risk department is responsible for ensuring the validity and predictive power of these models through ongoing monitoring and governance processes.

The rating models are regularly reviewed by the credit risk department, backtested on actual default data and updated, if necessary. Despite the method used, the Bank regularly validates the accuracy of ratings estimates and appraises the predictive power of the models.

External ratings are assigned to counterparties by independent international rating agencies. These ratings are publicly available and are applied to financial instruments such as investments in debt securities (government, corporate, municipal bonds and promissory notes purchased).

Expected credit loss (ECL) measurement.

ECL is a probability-weighted estimate of the present value of future cash shortfalls. ECL measurement is based on four components: Probability of Default (PD), Exposure at Default (EAD), Loss Given Default (LGD), and Discount Rate.

The Bank measures ECL either over a 12-month year or the lifetime of the financial instrument, depending on credit risk assessment. 12-month ECL applies if there is no significant increase in credit risk (SICR) since initial recognition. Lifetime ECL applies if SICR has occurred.

The assessment of SICR is based on:

- DPD behavior (Days Past Due), including early delinquency indicators;
- Curation trends.

The Bank does not use the low credit risk assessment exemption. The Bank defines default as 90+ DPD, insolvency, covenant breaches, or classification as non-performing. Cure is considered after three months without default triggers.

The Bank applies portfolio or individual SICR assessment based on asset type and available models. Qualitative SICR indicators include delinquency over 30 days, or adverse changes in payment behaviour (based on internal curation metrics).

The Bank measures ECL using:

- Individual assessment;
- Portfolio segmentation;
- External ratings.

Credit cards are treated as unsecured loans with higher LGD, segmented by utilization and payment behavior. For loan commitments, EAD is estimated using Credit Conversion Factor (CCF).

PDs and LGDs are derived from historical data and LGD is estimated using recovery statistics.

The Bank continuously reviews its models and assumptions to enhance the reliability of credit risk measurement.

Market risk

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

The Bank's exposure to interest rate risk is minimal as it is mostly financed by equity, long-term bonds, and consumer deposits with fixed interest rates. The Bank does not finance its activities with floating-rate liabilities, nor does it invest in floating-rate assets. Interest rate risk is primarily managed by controlling the duration of its investment portfolio.

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flow. The Bank is not exposed to significant interest rate risk as it does not have floating instruments.

Currency risk

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

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

Geographical risk concentration

As at 31 December 2025 and 2024, the Bank does not have geographical risk, as correspondent relationships are established only with banks of the Republic of Uzbekistan and customer service occurs only at the level of residents of the Republic of Uzbekistan. All operations for the 2025 and 2024 were carried out in the Republic of Uzbekistan, excluding Debt securities issued (Republic of Kazakhstan, non-OECD) and outstanding balances with Mastercard (OECD).

Currency risk sensitivity

The tables below indicate the currencies to which the Bank had significant exposure as at 31 December 2025 and 2024 on its monetary assets and liabilities.

	Total monetary assets	Total monetary liabilities	Net Balance sheet position
2025			
UZS	989,930	627,680	362,250
USD	36,251	14,862	21,389
Euro	2,763	-	2,763
2024			
UZS	412,275	24,916	387,359
USD	14,853	14,970	(117)
Euro	2,717	-	2,717

The analysis calculates the effect of a reasonably possible movement of the currency rate against the UZS, with all other variables held constant on the statement of profit or loss. Amounts that are subject to offset are disclosed on a gross basis, to reflect the full nominal exposure to foreign currency risk. The effect on equity does not differ from the effect on the statement of profit or loss. A negative amount in the table reflects a potential net reduction in the statement of profit or loss or equity, while a positive amount reflects a net potential increase.

	31 December 2025	31 December 2024
Strengthening of the USD by 10%	2,139	(12)
Weakening of the USD by 10%	(2,139)	12
Strengthening of the Euro by 10%	276	272
Weakening of the Euro by 10%	(276)	(272)

Capital adequacy

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using the ratios established by the CBU. The primary objectives of the Bank's capital management are to ensure that the Bank complies with capital requirements imposed by Central Bank of Uzbekistan. The Bank manages its capital to ensure that entities in the Bank will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Bank consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. The following table analyses the Bank's regulatory capital resources for capital adequacy purposes per National accounting standards in accordance with the requirements set by the CBU:

JOINT STOCK COMPANY "AVO BANK"**Notes to the Financial Statements for the year ended 31 December 2025 (Continued)**

	31 December 2025 (unaudited)	31 December 2024 (unaudited)
Fully paid shares	692,891	692,891
Accumulated deficit	(153,039)	(59,652)
Share premium	2,384	2,384
Adjusted Tier 1 capital	542,236	635,623
Capital reserves	5,571	5,571
Net loss for the year	-	(93,391)
Total tier 1 capital	547,807	547,803
Net profit for the period	6,562	-
Impairment provision on standard assets	15,194	4,380
Other	4	5
Total tier 2 capital	21,760	4,385
Total regulatory capital	569,567	552,188
Risk weighted assets and off-balance assets	1,678,517	664,812
Operational risk	39,616	20,287
Market risk	18,949	2,146
Adjusted total risk-weighted assets	1,737,082	687,245
Assets for leverage ratio	2,079,422	859,681
Capital adequacy ratios:		
Tier 1 capital adequacy ratio (min 10%)	31.54%	79.71%
Total regulatory capital adequacy ratio (min 13%)	32.79%	80.35%
Leverage ratio (min 6%)	26.34%	63.72%

22. Liquidity risk and funding management

Liquidity risk refers to the availability of sufficient funds to meet deposits withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Treasury Department controls these types of risks by means of maturity analysis, determining the Bank's strategy for the next financial years. Current liability is managed by the Treasury Department, which deals in the money markets for current liquidity and cash flow optimization.

In order to manage liquidity risk, the Bank performs daily monitoring of future expected cash flows on customers' and banking operations, which is part of assets/liabilities management process. The Management Board of the Bank sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Analysis of financial liabilities by remaining contractual maturities

The tables below summarize the maturity profile of the Bank's financial liabilities at 31 December 2025 and 2024 based on contractual discounted repayment obligations.

JOINT STOCK COMPANY "AVO BANK"
Notes to the Financial Statements for the year ended 31 December 2025 (Continued)

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Over 1 year	Undefined	Total
Financial assets						
Cash and cash equivalents	196,865	-	-	-	-	196,865
Loans and advances to customers	15,217	74,557	80,484	599,996	-	770,254
Investment securities at amortized cost	-	-	1,031	-	-	1,031
Deposits with banks and payment systems	13,916	-	-	-	30,795	44,711
Other financial assets	2,010	-	-	-	-	2,010
Total financial assets	228,008	74,557	81,515	599,996	30,795	1,014,871
Financial liabilities						
Customer accounts	303,898	-	-	789	-	304,687
Debt securities	-	1,078	-	296,977	-	298,055
Other financial liabilities	11,559	302	1,411	12,455	-	25,727
Total financial liabilities	315,457	1,380	1,411	310,221	-	628,469
Net liquidity gap	(87,449)	73,177	80,104	289,775	30,795	
Cumulative liquidity gap	(87,449)	(14,272)	65,832	355,607	386,402	

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Over 1 year	Undefined	Total
Financial assets						
Cash and cash equivalents	186,615	-	-	-	-	186,615
Loans and advances to customers	3,614	6,567	31,469	159,971	-	201,620
Investment securities at amortized cost	997	1,943	-	1,002	-	3,942
Deposits with banks and payment systems	11,078	-	-	-	10,674	21,752
Other financial assets	1,353	-	-	-	-	1,353
Total financial assets	203,657	8,509	31,469	160,973	10,674	415,282
Financial liabilities						
Customer accounts	8,140	156	251	-	-	8,547
Other financial liabilities	4,802	296	1,406	10,271	-	16,775
Total financial liabilities	12,942	452	1,657	10,271	-	25,322
Net liquidity gap	190,715	8,057	29,812	150,702	10,674	
Cumulative liquidity gap	190,715	198,772	228,584	379,286	389,960	

The Bank has received significant funds from sole shareholder and other related party (Note 25). Management believes that this level of funding will remain with the Bank for the period mentioned above in the table and that in the event of withdrawal of funds, the Bank would be given sufficient notice so as to realize its liquid assets to enable repayment.

The maturity analysis does not reflect the expected stability of current accounts and term deposits from individuals. Management believes that the retail deposit portfolio will continue to show steady growth, which is reflected in an increase in both the volume of attracted funds and the average account balances. An analysis of customer behavior indicates low utilization of early withdrawal options, which indicates that this funding source is classified as stable. These balances are mainly included in amounts due in less than three months in the table above.

The bank is primarily financed through equity and long-term bonds making its funding structure highly stable. It can withstand any outflows from clients' on-demand deposits, as these deposits represent only a small portion relative to the bank's high-quality liquid assets.

The tables below summarize the maturity profile of the Bank's financial liabilities at 31 December 2025 and 2024 based on contractual undiscounted repayment obligations:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Over 1 year	Total
Financial liabilities					
Customer accounts	309,198	6,366	3,413	806	319,783
Debt securities	-	16,348	49,404	395,785	461,537
Other financial liabilities	11,802	759	3,414	18,206	34,181
Total undiscounted financial liabilities	321,000	23,473	56,231	414,797	815,501

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Over 1 year	Total
Financial liabilities					
Customer accounts	8,140	158	257	-	8,555
Other financial liabilities	5,047	753	3,391	14,860	24,051
Total undiscounted financial liabilities	13,187	911	3,648	14,860	32,606

23. Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Bank 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 Bank 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 years remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer years.

Management believes that its interpretation of the relevant legislation is appropriate and the Bank's tax, currency legislation and customs positions will be sustained. Accordingly, as at 31 December 2025, no provision for potential tax liabilities had been recorded (31 December 2024: no provision). The Bank estimates that it has no potential obligations from exposure to other than remote tax risks (31 December 2024: no obligations).

Credit related commitments. 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 Bank 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 Bank 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.

Outstanding credit related commitments are as follows:

<i>In million of Uzbekistan Soums</i>	31 December 2025	31 December 2024
Undrawn loan commitments	896,640	290,945
Less: Allowance for expected credit losses	(6,309)	(9,698)
Total net commitments and contingencies	890,331	281,247

The Bank'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 year 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 Bank 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.

24. Fair Value of Financial Instruments

IFRS Accounting Standards 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.

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 2025 and 2024, the fair value of financial assets and financial liabilities approximate their carrying value. As the credit card business is a new product offering in the local market, the Management of the Bank believes that the interest rates applied are representative of current market conditions for similar financial instruments. Accordingly, the fair value of these financial assets has not been separately disclosed, as the carrying amounts are not materially different from their fair value.

25. 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 Bank party relationship, attention is directed to the substance of the relationship, not merely the legal form.

"Key management personnel" – members of the Management Board and the Supervisory Board of the Bank.

As at 31 December 2025 and 2024, the outstanding balances with related parties were as follows:

<i>In million of Uzbekistan Soums</i>	31 December 2025		31 December 2024	
	Shareholder	Other related parties	Shareholder	Other related parties
Asset				
Other assets	95	-	-	4,340
Liability				
Customer accounts	6,870	86,037	-	408
Debt securities issued	125,574	173,520	-	-

JOINT STOCK COMPANY "AVO BANK"**Notes to the Financial Statements for the year ended 31 December 2025 (Continued)**

The income and expense items with related parties for the year ended 31 December 2025 and 2024 were as follows:

<i>In million of Uzbekistan Soms</i>	For the year ended 31 December 2025		For the year ended 31 December 2024	
	Shareholder	Other related parties	Shareholder	Other related parties
Interest income	-	1,951	-	2,101
Interest expense	12,745	9,645	-	634
Administrative and other operating expenses	-	85,344	-	13,271

Administrative and other operating expenses include remuneration of key management personnel in the amount of UZS 4,905 million and UZS 4,591 million for the years ended 31 December 2025 and 2024, respectively.

In 2025, the Bank signed an addendum to the agreement with the company under common control with the Bank for the software license agreement Note 18.

26. Subsequent Events

From January 2026, the Bank launched a new microloan project aimed at expanding its retail lending product line, increasing the accessibility of financial services, and strengthening its competitive position in the microfinance market.

As part of the Bank's 2025 bond issuance, the Bank made additional placements of UZS 98,645 million in January 2026 and UZS 103,518 million in April 2026.

Approved for issue and signed on behalf of the Management Board on 7 April 2026.



D.S. Musienko
Chairman of the Management Board




A.S. Shaymardonov
Chief Financial Officer