CLOSED JOINT STOCK COMPANY MICROCREDIT DEPOSIT ORGANIZATION “HUMO”

Consolidated financial statements
for the year ended December 31, 2024

and independent auditor’s report

TABLE OF CONTENTS

CLOSED JOINT STOCK COMPANY MDO "HUMO"

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

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of the Closed Joint Stock Company Microcredit Deposit Organization "Humo" (the "Group"), its subsidiary ORZU-FINTECH Limited Liability Company and its branch "Islamic window".

Management of the Group is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group as at December 31, 2024, the results of its operations, cash flows and changes in shareholders' capital for the year ended December 31, 2024, in accordance with International Financial Reporting Standards (hereinafter the "IFRS").

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

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management of the Group is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control, throughout the Group;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation, accounting standards of the Republic of Tajikistan and requirements set by the National Bank of Tajikistan;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated financial statements for the year ended December 31, 2024 were approved and authorized for issue on March 31, 2025 by the management of the Group.

On behalf of the Management of the Group:

Mayunusov F. M.
General Director

March 31, 2025
Dushanbe, the Republic of Tajikistan

Abbasov A. I.
Financial Director

March 31, 2025
Dushanbe, the Republic of Tajikistan

bakertilly
37/1, Bokhtar str. Office 502
Dushanbe, 734025
Republic of Tajikistan
T: + 992 (44) 600 46 55
contact@bakertilly.tj
www.bakertilly-ca.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Supervisory Board and the Management of the Closed Joint Stock Company Microcredit Deposit Organization “Humo”

Opinion

We have audited the accompanying consolidated financial statements of the Closed Joint Stock Company Microcredit Deposit Organization “Humo” (the “Group”), its subsidiary ORZU-FINTECH Limited Liability and its branch "Islamic window", which comprise the statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Emphasis of matters

We draw your attention to Note 19, the Group calculates an allowance for expected credit losses on loans to customers in accordance with IFRS 9 Financial Instruments (the “IFRS 9”), which differs from the allowance calculated in accordance with the requirements of the National Bank of Tajikistan (the “NBT”). As of December 31, 2024, the allowance for expected credit losses of loans issued, calculated in accordance with IFRS 9, amounted to 23,719 thousand somoni and the reserve calculated in accordance with the requirements of the NBT amounted to 35,104 thousand somoni.

We draw your attention to Note 20 “Islamic finance receivables” of the consolidated financial statements. The Company calculates allowance for expected credit losses on receivables from Islamic finance in accordance with the requirements of the National Bank of Tajikistan (the “NBT”), which is different from the allowance for expected credit losses on receivables from Islamic finance in accordance with standards of the Accounting and Auditing Organization for Islamic Financial Institutions (the “AAOIFI”).

To comply with the terms of Islamic finance products of the “Islamic Window” of the Company with the requirements of Islamic banking, AAOIFI standards, specialists from the “AlHuda Center of Islamic Banking and Economics” of the UAE were involved. The audit confirmed the compliance of Islamic finance products with AAOIFI standards.

We draw attention to the fact that ORZU-FINTECH Limited Liability Company is subsidiary of the Company. During the consolidation process, data was taken from unaudited financial statements of ORZU-FINTECH Limited Liability Company, due to the insignificance of the activities, assets and liabilities on the consolidated financial statements of the Group as at December 31, 2024 and for the year the then ended.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, compliance with legislation, accounting standards of the Republic of Tajikistan, requirements set by the National Bank of Tajikistan and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Shavkatjon Nazirov

Director
License of auditor of the Republic of Tajikistan
Number 0000115, issued by National Bank of Tajikistan
on January 22, 2020

Baker Tilly Tajikistan LLC
License No. 000014 issued by
National Bank of Tajikistan

March 31, 2025
Dushanbe, the Republic of Tajikistan

CLOSED JOINT STOCK COMPANY MDO "HUMO"

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest income	4	474,644	377,812
Interest expenses	4	(196,386)	(145,559)
NET INTEREST INCOME BEFORE EXPECTED CREDIT LOSSES		278,258	232,253
Accrual of allowance for expected credit losses on interest bearing assets	5	(14,974)	(13,962)
NET INTEREST INCOME		263,284	218,291
Income from Islamic finance activities	6	5,441	3,190
NET INCOME FROM ISLAMIC FINANCING ACTIVITIES BEFORE EXPECTED CREDIT LOSSES		5,441	3,190
Accrual of allowance for expected credit losses on Islamic finance receivables	7	(234)	(247)
NET INCOME FROM ISLAMIC FINANCING ACTIVITIES		5,207	2,943
Net gain from commissions	8	5,989	5,682
Net loss on operations with financial instruments	9	(7,498)	(10,238)
Net gain on foreign exchange operations	10	27,380	11,250
Accrual of allowance for expected credit losses and impairment losses on other assets	11	(4,607)	(1,772)
Other non-operating income	12	893	3,571
NET NON-INTEREST INCOME/(LOSS)		22,157	8,493
Operating expenses	13	(174,359)	(142,446)
PROFIT BEFORE INCOME TAX		116,289	87,281
Income tax	14	(23,995)	(17,666)
NET PROFIT FOR THE YEAR		92,294	69,615
Other comprehensive income		-	-
Total comprehensive income		92,294	69,615

On behalf of the Management of the Group:

Mayunusov F. M.
General Director

March 31, 2025
Dushanbe, the Republic of Tajikistan

Abbasov A. I.
Financial Director

March 31, 2025
Dushanbe, the Republic of Tajikistan

The notes on pages 11-66 form an integral part of the consolidated financial statements.
The independent auditors' report is on pages 3-5.

CLOSED JOINT STOCK COMPANY MDO "HUMO"

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(in thousands of Tajik somoni)

	Notes	December 31, 2024	December 31, 2023
ASSETS			
Cash and cash equivalents	15	137,177	162,335
Due from banks	16	82,901	133,393
Obligatory reserve in the National Bank of Tajikistan	17	18,712	12,998
Financial assets at fair value through profit or loss	18	-	8
Loans to customers	19	1,520,408	1,149,560
Islamic finance receivables	20	21,349	15,620
Long-term assets held for sale	21	116	145
Property and equipment	22	36,916	33,738
Intangible assets	23	9,223	6,047
Right of use assets	24	8,470	11,359
Deferred tax assets	14	5,224	3,857
Other assets	25	84,601	65,745
TOTAL ASSETS		1,925,097	1,594,805
SHAREHOLDERS' EQUITY AND LIABILITIES			
LIABILITIES:			
Due to banks and financial institutions	26	10,310	8,668
Customer accounts	27	573,698	384,153
Borrowings	28	899,450	831,187
Subordinated loans	29	22,155	33,175
Financial liabilities at fair value through profit or loss	18	2,351	3,924
Lease liabilities	24	9,666	12,278
Other liabilities	30	64,252	56,576
		1,581,882	1,329,961
EQUITY			
Share capital	31	99,002	99,002
Additional paid-in capital	31	17,478	17,478
General reserves		5,522	5,522
General reserve for performing assets		16,955	16,955
Revaluation reserve	22	2,376	2,451
Retained earnings		201,882	123,436
		343,215	264,844
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,925,097	1,594,805

On behalf of the Management of the Group:

Mayunusov F. M.
General Director

March 31, 2025
Dushanbe, the Republic of Tajikistan

Abbasov A. I.
Financial Director

March 31, 2025
Dushanbe, the Republic of Tajikistan

The notes on pages 11-66 form an integral part of the consolidated financial statements.
The independent auditors' report is on pages 3-5.

CLOSED JOINT STOCK COMPANY MDO "HUMO"

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Tajik somoni)

	Note	Share capital	Additional paid-in capital	Revaluation of property and equipment	General reserves	General reserve for performing assets	Retained earnings	Total equity
Balance at December 31, 2022	31	85,578	-	2,527	8,223	14,254	67,995	178,577
Issue of shares	31	13,424	-	-	-	-	-	13,424
Increase of share capital through APIC	31	-	17,478	-	-	-	-	17,478
Amortization of revalued property and equipment		-	-	(76)	-	-	76	-
Dividends declared	31	-	-	-	-	-	(14,250)	(14,250)
Movement in general reserves		-	-	-	(2,701)	2,701	-	-
Profit for the year		-	-	-	-	-	69,615	69,615
Balance at December 31, 2023	31	99,002	17,478	2,451	5,522	16,955	123,436	264,844
Sale of shares	31	-	-	-	-	-	-	-
Increase of share capital through APIC	31	-	-	-	-	-	-	-
Change in revaluation of property and equipment		-	-	(75)	-	-	75	-
Dividends accrued	31	-	-	-	-	-	(13,923)	(13,923)
Movement in general reserves		-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	92,294	92,294
Balance at December 31, 2024	31	99,002	17,478	2,376	5,522	16,955	201,882	343,215

On behalf of the Management of the Group:

Mayunusov F. M.
General Director

March 31, 2025
Dushanbe, the Republic of Tajikistan

Abbasov A. I.
Financial Director

March 31, 2025
Dushanbe, the Republic of Tajikistan

The notes on pages 11-66 form an integral part of the consolidated financial statements. The independent auditors' report is on pages 3-5.

CLOSED JOINT STOCK COMPANY MDO "HUMO"

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		116,289	87,281
Adjustments for:			
Change in allowance for expected credit losses on interest bearing assets	5	14,976	13,962
Change in allowance for expected credit losses on Islamic finance receivables	7	234	247
Change in allowance for expected credit losses on other assets	11	4,607	1,853
Depreciation of property and equipment and amortization of intangible assets	13,22,23	9,398	8,575
Amortization of right-of-use asset	13,24	6,019	5,278
Loss on disposal of property and equipment	13	99	34
Addition and modification of lease agreements		(56)	-
Change in vacation reserve	13	6,958	5,868
Deferred income from grant received	12	(92)	(707)
Income from Islamic finance activities	6	(5,441)	(3,190)
Net loss on operations with financial instruments	9	7,498	10,238
Losses on foreign exchange differences	10	(1,266)	11,281
Net interest income	4	(278,258)	(232,253)
Cash flows before changes in operating assets and liabilities		(119,034)	(91,614)
Changes in operating assets and liabilities:			
Decrease / (increase) in operating assets:			
Due from banks		21,638	(33,755)
Obligatory reserve in the NBT		(5,864)	(4,791)
Financial instruments at fair value through profit and loss		(8,293)	(11,252)
Loans to customers		(381,967)	(301,414)
Islamic finance receivables		(522)	(5,328)
Long-term assets held for sale		44	75
Other assets		(24,215)	(30,102)
Increase / (decrease) in operating liabilities:			
Customer accounts		186,190	116,162
Due to banks and financial institutions		1,844	(10,385)
Other liabilities		(4,923)	5,313
Outflow from operating activities before taxation and interest		(335,102)	(367,010)
Interest received		470,644	373,003
Interest paid		(185,864)	(130,787)
Income tax paid		(20,565)	(29,431)
Net cash outflow from operating activities		(70,887)	(154,225)

CLOSED JOINT STOCK COMPANY MDO "HUMO"

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024 *(continued)*
(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	23	(20,820)	(15,061)
Proceeds from disposal of property and equipment		10,159	1,831
Purchase of intangible assets	24	(5,091)	(1,518)
Net cash outflow from investing activities		(15,752)	(14,748)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of shares	31	-	30,902
Tax on dividends withheld from shareholders	31	(13,923)	(14,250)
Proceeds from borrowings, net		68,927	335,396
Proceeds from subordinated loans, net		(10,688)	(21,804)
Payment of lease liabilities	24	(9,250)	(4,409)
Net cash inflow from financing activities:		35,066	325,835
Effect of changes in exchange rates on cash and cash equivalents	10	2,053	(657)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(49,520)	156,205
CASH AND CASH EQUIVALENTS, at the beginning of the year	15	236,343	80,138
CASH AND CASH EQUIVALENTS, at the end of the year	15	186,823	236,343

On behalf of the Management of the Group:

Mayunusov F. M.
General Director

March 31, 2025
Dushanbe, the Republic of Tajikistan

Abbasov A. I.
Financial Director

March 31, 2025
Dushanbe, the Republic of Tajikistan

The notes on pages 11-66 form an integral part of the consolidated financial statements.
The independent auditors' report is on pages 3-5.

(in thousands of Tajik somoni, unless otherwise stated)

1. GENERAL INFORMATION

Closed Joint Stock Company Microcredit Deposit Organization "Humo" (the "Company") has been operating in the Republic of Tajikistan since 2008. The Company's activities are regulated by the National Bank of Tajikistan (the "NBT"). The Company was registered in the Ministry of Justice of the Republic of Tajikistan on August 29, 2008 under number 001-5045 "A" as a Limited Liability Company "Humo and Partners".

On August 7, 2013, the Company was reorganized and re-registered in the department of registration of legal entities and private entrepreneurs under the Tax Committee of the Republic of Tajikistan in the form of a Closed Joint Stock Company Microcredit Deposit Organization "Humo". The main activity of the Company is providing loans to legal entities and individuals and attraction of deposits. Also, the Company offers a variety of banking services, including but not limited to banking cards, payment services, online banking, and foreign currency operations.

On February 3, 2020, the Group received a license from the National Bank of Tajikistan to carry out banking operations based on the principles, norms and rules of Sharia in the form of an "Islamic window".

The Group established ORZU-FINTECH LLC (the "Subsidiary") on August 2, 2023. The Subsidiary is located at Khusayn Bayqaro street, Tashkent, the Republic of Uzbekistan. The main activities of the Subsidiary is payment services.

The Group is registered and located at 148/1 N. Karaboev str., Dushanbe, Republic of Tajikistan.

As of December 31, 2024 and December 31, 2023 the Company had 25 branches and 51 microfinance service centers on the territory of the Republic of Tajikistan.

The number of employees of the Company as of December 31, 2024 and December 31, 2023 was 1,422 and 1,302, respectively.

As at December 31, 2024 and December 31, 2023 structure of shareholders of the Company was as follows:

	December 31, 2024	December 31, 2023
Gojo & Company, Inc	97%	97%
Individuals	3%	3%
Desjardins Fund for Inclusive Finance, LP	0%	0%
	100%	100%

The consolidated financial statements were approved by the Management of the Group on March 31, 2025.

2. PRESENTATION OF FINANCIAL STATEMENTS

Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (the "IFRS") issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee.

Functional and presentation currency

Items included in the Group's consolidated financial statements are estimated using the currency that best reflects the economic substance of the underlying events and circumstances related to the Group (the "functional currency"). The functional and reporting currency of the accompanying consolidated financial statements is Tajik somoni (the "somoni").

These consolidated financial statements are presented in thousands of Tajik somoni, unless otherwise indicated. These consolidated financial statements have been prepared under the historical cost convention, except for the evaluation of certain financial instruments carried at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recognition and valuation of financial instruments

Financial assets and financial liabilities are recognized on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group reflects purchasing and sale of financial assets and liabilities, which have regular nature at the date of settlements.

Financial assets and liabilities are initially recognized at fair value. The acquisition cost of financial assets and liabilities that are not financial assets and liabilities at fair value through profit or loss, is adjusted for transaction costs, directly related to the acquisition of a financial asset or financial liability origination. The principles of subsequent valuation of financial assets and liabilities are disclosed in appropriate accounting policies set out below.

The Group classifies financial assets in the following main categories:

Financial asset measured at amortized cost;
Financial asset measured at fair value through other comprehensive income (FVOCI);
Financial asset measured at fair value through profit or loss.

Debt instruments

The classification and subsequent accounting of debt instruments depend on:

a) Business model of the Group used to manage financial assets;
b) Characteristics of the financial asset and the contractual cash flows.

Business model

Business model used by the Group describes the way how the Group manages its financial assets in order to generate cash flows, i.e., business model of the Group determines whether the cash flows will result from the receipt of contractual cash flows, selling financial assets or both.

The Group can apply various financial asset management models in the course of its activities, but it is expected that most financial assets will be held till maturity within the framework of the contractual cash flow model in accordance with the Group's development strategy and limited market tools in the Republic of Tajikistan.

SPPI criteria

In order to assess the compliance of contractual terms of a financial asset with SPPI criteria, the Group conducts an SPPI test (the "SPPI test") for each debt financial asset. During this assessment the Group reviews whether the contractual cash flows are consistent with the basic lending arrangement, i.e., interest includes only the time value of money, credit risk, other major credit risks and profits in accordance with the basic lending arrangement. If the contractual terms include any risk or volatility that does not correspond to the basic lending arrangement, the relevant financial asset is classified and measured at fair value through profit or loss.

Based on these factors, the Group classifies its debt instruments into the following three categories:

Financial assets measured at amortized cost:

a) The objective of the group's business model is to hold the financial asset to collect the contractual cash flows.

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The carrying amount of these assets is adjusted by expected credit losses. Interest earned on these financial assets is included in "Interest income" using the effective interest method.

Financial assets measured at fair value through Other comprehensive income (FVOCI):

a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in the carrying amount are recognized in other comprehensive income. The recognition of expected credit losses, interest income and changes in foreign currency occurs in profit or loss. When a financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. Interest earned on these financial assets is recognized in "Interest income" using the effective interest method.

Financial assets measured at fair value through profit or loss (FVTPL):

The Group classifies financial assets at fair value through profit or loss if they do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income. Gains or losses on debt instruments measured at fair value through profit or loss (that are not part of the hedging instruments) are recognized in the statement of profit or loss as part of the "Net Trade Income" in the period in which they arise. Interest earned on these financial assets is recognized in "Interest income" using the effective interest method.

Even if an instrument meets the two requirements to be measured at amortized cost or FVOCI, the Group has an option to designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

All other debt instruments that do not fit in any of the categories must be measured at fair value through profit or loss.

Equity instruments

All equity investments of the Group are to be measured at fair value in the statement of financial position with fair value changes recognized in profit or loss, except for those equity investments for which the Group has elected to present value changes in other comprehensive income.

Due to the limited market tools available for trading with equity securities in the Republic of Tajikistan, the Group classifies equity instruments as measured at fair value through other comprehensive income when investments are held for purposes other than investment income. In such cases, changes in fair value are recognized in other comprehensive income and cannot subsequently be reclassified to profit or loss. Dividends from such investments continue to be recognized in profit or loss as other income.

Gains and losses on equity instruments measured at fair value through profit or loss are recorded in "Net trade income" in the statement of profit or loss.

Reclassification

The Group reclassifies financial assets if and only if the business model objective for its financial assets changes so its previous model assessment would no longer apply. If reclassification is performed, it must be done prospectively from the reclassification date which is defined as the first day of the first reporting period following the change in business model. The Group does not restate any previously recognized gains, losses or interest.

Derecognition of financial assets

The recognition of a financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) ceases when:

- the rights to receive cash flows from the asset have ceased;
- the Group transferred its rights to receive cash flows from the asset or reserved the right to receive cash flows from the asset, but became obliged to pay these cash flows without significant delay to a third party under the 'transfer' agreement; and
- the Group either (a) transferred almost all the risks and rewards related to the asset, or (b) did not transfer and did not retain almost all the risks and rewards related to the asset, but transferred a control over the asset.

Modification of contractual cash flows

In circumstances where the Group reviews or modifies the contractual cash flows for a financial asset, the Group assesses how significant is a change between the original conditions and the new ones.

If new conditions differ significantly, the Group derecognizes the original financial asset and recognizes a new financial asset at fair value and recalculates the new effective interest rate for the asset. At the date of modification, the Group calculates revised expected credit losses and determines whether there is a significant increase in credit risk. However, the Group also evaluates whether newly recognized financial asset is considered to be impaired upon initial recognition, especially in cases when the revision was due to the fact that the borrower was unable to make the originally agreed payments. The difference in the carrying value of financial assets is reflected in the statement of profit or loss.

If conditions do not differ significantly, then revision or change does not lead to derecognition. The Group recalculates the carrying amount using initial effective interest rate according to the changes in cashflows and the effect is recognized as profit or loss on modification within the statement of profit or loss.

If a modification results in an increase of significant risks according to the methodology for calculating of expected credit losses, then the contract modification affects the impairment calculation according to the methodology presented in Note 32.

Classification and subsequent accounting of financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for:

a) financial liabilities measured at fair value through profit or loss. Such liabilities, including liability derivatives, are subsequently measured at fair value;

b) financial liabilities that arise when the transfer of a financial asset does not meet the requirements for derecognition or when the principle of continuing participation accounting is applied;

c) financial guarantee contracts and loan commitments at an interest rate lower than the market. After initial recognition, such contracts should be subsequently evaluated on the basis of the largest of the following amounts:

i) the amount of the impairment allowance created by the Group; and
ii) the amount initially recognized less the total amount of income, if applicable;

d) contingent consideration recognized by the acquirer in a business combination. Such contingent consideration is subsequently measured at fair value through profit or loss.

Upon initial recognition of a financial liability, the Group may, in its own discretion, classify it, without the right of subsequent reclassification, as measured at fair value through profit or loss.

Offset of assets and liabilities

The Group’s financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Derecognition of financial liabilities

A financial obligation (or part of it) is considered extinguished when the debtor:

(a) either fulfils this obligation (or part of it) by paying off the lender, generally in cash, other financial assets, goods or services,
(b) is either legally relieved of primary liability for that obligation (or part of it), as a result of the performance of the legal procedure or as a result of the creditor's decision.

Derecognition of financial liabilities occurs also in the case of significant changes in cash flows, i.e., if the present value of cash flows in accordance with the new conditions, including the payment of commission after deduction of commission received, discounted at the original effective interest rate, differs by at least 10% of the discounted present value of the remaining cash flows of the original financial liability.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and due from banks, short-term highly liquid investments, which can be converted to the corresponding amount of cash in the short term.

Due from banks

During ordinary activity the Group allocates funds and deposits in banks on different periods. Due from banks initially recognized at fair value. Due from banks are subsequently evaluated at amortized cost using the effective interest method. Due from credit institutions are taken into account after deduction of any allowance for expected credit losses.

Derivatives

During ordinary activity the Group concludes agreements on various derivative financial instruments. Derivatives are initially recognized at fair value at the date of the contract for a derivative and are subsequently revaluated to their fair value at each reporting date. Fair value is estimated based on quoted market prices or pricing models that take into account current market and contractual prices of the underlying instruments and other factors. Derivatives are taken into account as assets when their fair value is positive and as liabilities when it is negative. Derivatives are included in financial assets and liabilities at fair value through profit or loss in the balance sheet. Profits and losses arising from these instruments are included in net profit / losses on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income.

Loans to customers

Loans to customers are financial assets that are not derivative financial instruments with fixed or determinable payments that do not have market quotations, except for assets which are classified in other categories of financial instruments.

Loans issued by the Group are initially recognized at fair value plus transaction costs directly attributable to the acquisition or establishment of such financial assets. If the fair value of the provided funds is not equal to the fair value of loans, for example, in the case of providing loans at rate below than market rates, difference between the fair value of provided funds and the fair value of loans is recognized as a loss on initial recognition of loans and is represented in the income statement in accordance with the nature of such damages. Subsequently, loans are taken into account at amortized cost using the effective interest rate. Loans to customers are taken into account after deduction of allowance for impairment.

Write-off of loans and advances

In the case of impossibility of recovery of loans, including through repossession of collateral, they are written-off against the allowance for impairment. Loans and provided funds are written - off after taking by management of the Group measures to recover amounts owed to the Group and after selling by the Group all available collateral. Subsequent recoveries of previously written-off amount are reflected as an offset to the charge for impairment of financial assets in the statement of profit or loss and other comprehensive income in the period of recovery.

Allowance for expected credit losses

The Group recognizes an estimated allowance for expected credit losses (the "ECL") on loans issued. The Group recognizes such losses at each reporting date by assessing the existence of impairment evidence. The impairment assessment model of financial assets provides for the assessment of expected credit losses within 12 months and throughout the lifetime of the financial asset.

The Group's expected losses model is based on the following principles:

Stage 1: 12-month expected credit losses - expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date;
Stage 2: full lifetime expected credit losses - expected credit losses that result from all possible default events over the life of the financial instrument;
Stage 3: expected credit losses that result from all possible default events over the life of the financial instrument, but interest income is calculated based on the gross carrying amount of the financial asset (using effective interest rate) less impairment allowance.

Expected credit losses reflect an objective calculation of the probability-weighted value, which is determined by assessing a number of possible outcomes.

The Group estimates expected credit losses on a financial instrument using a model that reflects:

- unbiased and probability-weighted amount determined by assessing the range of possible outcomes;
- time value of money; and;
- reasonable and verifiable information on past events, current conditions and projected future economic conditions available at the reporting date without excessive cost or effort.

The Group creates an estimated allowance for expected credit losses on the following financial instruments that are not measured at fair value through profit or loss:

- financial assets that are debt instruments;
- receivables from (financial) leases;
- issued financial guarantee contracts; and
- issued loan obligations.

Impairment losses on equity-based investments are not reflected in the consolidated financial statements.

The Group calculates an allowance for losses for the entire period of expected credit losses, except for the following instruments, for which such losses are estimated as expected credit losses within 12 months:

- debt Investments, which are defined as having low credit risk at the reporting date; and
- other financial instruments (other than receivables) for which credit risk has not increased significantly after their initial recognition in the consolidated financial statements.

Estimated impairment allowance for receivables on (financial) leases is always calculated over the entire period of expected credit losses.

The Group believes that a debt security has a low credit risk if its credit rating corresponds to the internationally accepted definition of the term “investment class”.

Expected credit losses in a period of 12 months are part of the expected credit losses that arise as a result of defaults on the financial instrument, expected within 12 months after the reporting date.

Expected credit losses are calculated taking into account the probability-weighted credit losses. They are evaluated as follows:

- for financial assets that are not credit-impaired at the reporting date: the present value of all cash flows that has not been received (the difference between the cash flows under the contractual terms and expected cash flows to be received by the Group);
- for financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of the estimated future cash flows;
- for loan commitments: the present value of the difference between the contractual cash flows if the commitment is used and expected cash flows to be received by the Group; and
- for financial guarantee contracts: expected payments to the holders of the contracts, less any amounts that the Group expects to collect as a penalty.

Changes in expected credit losses are recognized in the profit or loss using an allowance account. The assets reflected in the statement of financial position are reduced by the amount of expected credit losses. The following indicators are considered by the Group when determining the existence of impairment evidence: the debtor’s or issuer's liquidity, their solvency, business and financial risks, levels and trends of defaults on similar financial assets, national and local forecasts on economic trends and conditions, and the fair value of collateral and guarantees.

These and other factors, individually or collectively, provide objective evidence for recognizing expected credit losses of a financial asset or group of financial assets.

More detailed information on the calculation of expected credit losses is provided in Note 36.

The Group calculates allowance for expected credit losses on loan portfolio according to the International Financial Reporting Standard 9 “Financial instruments” and requirements of the National Bank of Tajikistan. The calculation of allowance for impairment of loans issued in accordance with the IFRS approach differs from the allowance calculated in accordance with the requirements of the National Bank of Tajikistan (the “NBT”).

Property and equipment and intangible assets

Property and equipment and intangible assets are carried at historical cost less accumulated depreciation and any accumulated impairment, except for buildings which carried at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses.

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

Buildings and constructions	2%
Computer and equipment	20%
Furniture and fixtures	20%
Vehicles	20%
Improvement of leased property	20-50%
Intangible assets	10%

Amortization of leasehold improvements is calculated over the useful life of the related leased assets. The cost of repair and overhaul are reflected in the statement of profit and loss and other comprehensive income within operating expenses as incurred unless they meet the requirements for capitalization.

On each reporting date the Group estimates whether the carrying value of fixed and intangible assets does not exceed the replacement cost. Replacement cost is a higher value of fair value less costs to sell and value in use. In case of exceeding the carrying value of fixed and intangible assets over their replacement value the Group reduces the carrying value of fixed assets to their replacement cost. After the recognition of an impairment loss the depreciation charge for fixed assets is adjusted in future periods to allocate the revised carrying value of assets, less its residual value (if any) over the remaining useful life.

Leases

The Group leases buildings and offices. Lease agreements, as usual, are concluded for fixed periods, but can be extended. Agreements may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property and equipment were classified in the Group's consolidated financial statements as either a finance lease or an operating lease. From 1 January 2019, the lease is recognized as a right-of-use asset and a corresponding lease liability on the date the leased asset is available for use by the Group. Assets and liabilities arising from the lease are initially measured at their present value. Lease obligations include the net present value of the following lease payments:

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

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that have not yet been settled at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Payments associated with short-term leases of offices, premises and equipment and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and probability to extend the lease contract is very low.

Income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial significant direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Definition of Essential Terms of the Islamic Window

Murabaha

A method where the Company purchases goods from a broker and takes ownership of them and takes legal possession of them, and then sells them to a client on a deferred payment basis. The customer then sells the same asset to a third party on immediate delivery and payment terms, and ultimately the customer receives a cash amount and is liable for a deferred payment to the Company for the increased amount. Basically, the underlying asset is a highly liquid commodity such as platinum or palladium. In accordance with the principles of Sharia, gold and silver are considered monetary funds and cannot be used for these purposes.

Mudarabah

A deposit in which the client (partner) transfers his funds to the Company for trust management. The Company, in turn, invests money in business projects permitted by Sharia in order to receive profit and distribute it between the parties in the ratios specified in the Mudarabah agreement.

AAOIFI standards

AAOIFI Standards - Accounting and Auditing Standards for Islamic Financial Institutions based on Sharia law and applicable to banking services.

Long-term assets held for sale

The Group recognizes long-term assets as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. At the same time, these assets must be ready for immediate sale in their present condition and probability of their sale during the year since classification must be high. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. In case of excess of carrying amount over fair value less costs to sell, the Group recognizes impairment loss in the statement of profit and loss. Any subsequent increase in fair value less costs to sell is recognized in amount does not exceed the amount of accumulated impairment losses previously recognized.

Taxation

Income tax expense represents sum of the current and deferred tax.

Current tax

Income tax payable for current period is recognized based on taxable income amount earned during the year. Taxable income differs from income that is reported in the statement of profit or loss and other comprehensive income, because it does not cover items of income or expense that are taxable or deductible in other years and also excludes items that are not taxable or deductible for taxation purposes. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized. Deferred tax is reflected in the statement of profit or loss and other comprehensive income, except when they connected with items, which are directly related to equity, and in this case deferred tax is also reflected within equity.

The Group conducts netting of deferred tax assets and liabilities and reflects summary difference in the consolidated financial statement, if:

- The Group has a legally enforceable right for netting current tax assets against current tax liabilities; and;
- Deferred tax assets and deferred tax liabilities relate to corporate taxes levied by the same taxation authority from the same taxable entity.

In addition to income tax there are requirements on accrual and payments of various taxes applicable to the Group's activities in the Republic of Tajikistan where the Group performs its activities.

The Tax Code of the Republic of Tajikistan was revised, and a new format was adopted, effective from January 1, 2022. These revisions include changes to the eligibility criteria for certain temporary differences to be considered in the calculation of deferred tax assets.

Borrowings and subordinated loans

Borrowings are initially recognized at fair value. Subsequently received amounts are reflected at amortized cost and difference between the carrying and the redemption value is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method within interest expense.

Contingent liabilities

Contingent liabilities are not recognized in the statement of financial position but are disclosed in consolidated financial statements 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.

Share capital

Share capital is recognized at initial cost.

Dividends are recorded as a reduction in the period in which they are declared. Dividends declared after the reporting date is treated as an event after the reporting date under IAS 10 "Events after the reporting period" and information about it is disclosed accordingly.

General reserves

The Group creates a reserve for future operations, which is formed by mandatory annual deductions according to the decision of the Annual General Meeting of Shareholders. This reserve is intended solely to cover the losses of the Group. The decision on the use of the reserve fund of the Group is also taken by the Management of the Group upon preliminary approval of the annual report.

Pension liabilities

In accordance with the laws of the Republic of Tajikistan the Group withholds the amount of pension contributions from employee's salaries and transfers them to the State pension fund. The existing pension system provides for the calculation of current payments by the employer as a percentage of current gross salary payments. Such expenses are recognized in the period, which includes appropriately payment for employees. At retirement, all pension payments are implemented by above mentioned pension fund. The Group does not have any pension arrangements separate from the State pension system of the Republic of Tajikistan. In addition, the Group has no benefits provided to employees upon retirement, or other significant compensated benefits requiring accrual.

Recognition of interest income and expense

Interest income on financial assets is recognized when there is a high probability that the Group will receive an economic benefit and the amount of income can be reliably determined. Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate by which future cash receipts are estimated to the net carrying amount on initial recognition of financial assets and liabilities. Discounting is made through the expected life of the debt instrument, or (where appropriate) a shorter period.

Interest earned on assets at fair value is classified within interest income.

Recognition of commission income and expenses

Commission for loan origination and related direct costs associated with the loans providing are reflected as an adjustment to the effective interest rate on loans.

If there is a possibility that due to the presence of a liability of providing a credit will be signed a contract for a loan, commitment fee on the loan included in deferred revenue (together with related direct costs) and subsequently recognized as adjustment to actual income on the loan. If the probability of that the commitment to extend credit is estimated as low, the commitment fee on the loan is recognized in the income statement over the remaining period of the loan commitment. Upon expiration credit commitments, which are not completed by providing a loan, commitment fee on the loan is recognized in the income statement on the date of its expiration.

Foreign currency exchange

Monetary assets and liabilities denominated in foreign currencies are exchanged to Tajik somoni at the market rates prevailing on December 31. Transactions denominated in foreign currencies are reported at the rates of exchange prevailing at the date of the transaction. Any gains or losses arising from a change in exchange rates after the date of the transaction are included as an exchange gain or loss in the statement of profit or loss and other comprehensive income.

Exchange rate

Below are the official exchange rates of foreign currencies against the Tajik somoni at the end of the year used by the Group during preparation of the consolidated financial statements were:

	December 31, 2024	**December 31, 2023**
US dollar	10.9325	10.9571
Euro	11.4223	12.0944
Russian ruble	0.1114	0.1217

Areas of significant use of estimates and assumptions of management

The preparation of consolidated financial statements requires from Management to make estimates and assumptions that have an influence on reported amounts of assets and liabilities of the Group, the disclosure of contingent assets and liabilities at the reporting date and there ported amounts of revenues and expenses during the reporting period. The Group's management conducts evaluations and judgments on an ongoing basis, based on previous experience and a number of other factors that are considered reasonable in the current environment. Actual results could differ from those estimates. The following estimates and assumptions are important to present financial position of the Group.

Leases

The two main areas of judgment with regards to quantification of the ROU asset and lease liability are the determination of lease term and the discount rate.

Determining lease term

The Group's expectation of exercising the option to renew a lease will be determined by assessing if the Group is "reasonably certain" to exercise that option. The Group will be reasonably certain to exercise an option when factors create a significant economic incentive to do so. This assessment will require a significant level of judgement as it is based on current expectations of future decisions. The lease term will have an impact on the calculation of the ROU asset and the lease liability; the longer the lease term, the higher the ROU asset and the related lease liability. Changes in the economic environment may impact the Group's assessment of lease term, and any changes in the estimate of lease terms may have a material impact on the Group's ROU assets and lease liabilities.

Discount rate

At commencement date, the Group measures the lease liability at the present value of the future lease payments, discounted using the Group's incremental borrowing rate. The Group will consider a broad range of factors to determine the appropriate discount rate. These will include the Group's credit risk, term of the lease, the economic environment and geographical location in which the lease is entered into.

Allowance for expected credit losses of loans and accounts receivable

The Group regularly reviews its loans for impairment. Reserves of the Group's loan impairment are established to recognize incurred impairment losses in its portfolio of loans and receivables. The Group considers accounting estimates related to the allowance for expected credit losses of loans and receivables, a key source of uncertainty of estimation due to the fact that (i) they are highly susceptible to change from period to period as the assumptions on future non-compliance indicators and assessment of potential losses related to impaired loans and receivables, based on recent work, and (ii) any significant difference between the estimated losses and actual losses of the Group requires from the Group to create reserves, which could have a material impact on its consolidated financial statements in future periods.

The Group uses management judgment to estimate the amount of any impairment loss in cases where the borrower has financial difficulties and there is little historical data relating to similar borrowers. Analogously, the Group estimates changes in future cash flows based on past experience, the client's behavior in the past, the available data, indicating an adverse change in the status of repayment by borrowers in the group, as well as national or local economic conditions that correlate with defaults on assets in this group. Management uses estimates based on historical experience of losses on assets with credit risk characteristics and objective evidence of impairment similar to those in this group of loans. The Group uses an assessment of Management for adjusting the available data on a group of loans to reflect current circumstances not reflected in historical data.

The allowances for impairment of financial assets in the consolidated financial statements have been determined on the basis of existing economic conditions. As of December 31, 2024 and December 31, 2023, the carrying amount of allowances for expected credit losses on loans to customers amounted to 35,104 thousand somoni and 23,006 thousand somoni, respectively (Note 19).

Calculation of the fair value of unquoted securities

Due to the limited market tools and the number of observed transactions on the purchase and sale of securities in the Republic of Tajikistan, the Group uses alternative methods for estimating the market value of securities at fair value through other comprehensive income or fair value through profit or loss. These estimates may differ from the market value of the securities if there was an active market or a transaction with a third party.

Application of new and revised international financial reporting standards (IFRSs) of the financial statements

The Group has adopted the following new or revised standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee (the "IFRIC") which became effective for the Group's financial statement for the year ended December 31, 2024:

Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments:

- Disclosures" which will introduce targeted disclosure requirements that will enhance transparency of supplier finance arrangements and their effects on Group's liabilities and cash flows.
- Amendments to IAS 1 "Presentation of Financial Statements" require to classify liabilities as current or noncurrent based on Group's rights to defer settlement for at least 12 months which must exist and have a substance as at the reporting date. Only covenants with which a company must comply on or before the reporting date may affect this right.
- Amendments to IFRS 16 "Leases" which introduce a new model for accounting of variable payments and will require seller-lessees to reassess and possibly restate sale-leaseback transactions.

The adoption of the new or revised standards did not have significant effect on the financial position or performance of the Group.

New and revised IFRSs in issue but not yet effective

A number of new Standards and Interpretations have been issued and not yet adopted as at December 31, 2024 and had not been applied in preparation of these financial statements. Following Standards and Interpretations are relevant to operations of the Group. The Group intends to adopt these Standards and Interpretations from their effective dates. The Group has not analyzed potential effect of adoption of these standards on its financial statements.

At the date of authorization of this financial information, the following new standards and interpretations were in issue, but not mandatorily yet effective, and which the Group has not early adopted:

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates", which will require entities to apply a consistent approach in assessing whether one currency can be exchanged into another currency, and, when it cannot, regulate the determination of exchange rates and include requirements for required disclosures in financial statements;
- The introduction of IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements for the presentation and disclosure of information in general purpose financial statements and will replace IAS 1 "Presentation of Financial Statements";
- Introduction of IFRS 19 "Subsidiaries without Public Accountability: Disclosures". According to this standard, subsidiaries that meet certain criteria may apply reduced disclosure requirements in their financial statements;
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures", which clarify the requirements for classification and measurement of financial instruments. The main amendments include:
- Clarification of the classification of financial assets linked to environmental, social (ESG) and similar indicators: features of loans related to ESG may affect whether loans are measured at amortized cost or fair value. The amendments clarify how the contractual cash flows of such loans should be measured.
- Settlement of obligations using electronic payment systems. The amendments clarify the date of derecognition of a financial asset or financial liability;
- Introduction of IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures" which provide a framework for reports on all sustainability-related topics across the areas of governance, strategy and risk management. These standards are also designed to disclose information that is expected to affect the assessments that investors make about Group's future cash flows.

The Group intends to adopt these new standards and amendments, if applicable, when they become effective.

4. NET INTEREST INCOME

Interest income and expenses of the Group for the years ended December 31, 2024 and December 31, 2023 are as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest income includes:		
Interest income from financial assets measured at amortized cost:		
Loans to customers:		
unimpaired financial assets	470,809	375,202
impaired financial assets	1,849	1,468
Investments	435	344
Due from banks	1,552	798
Total interest income on financial assets measured at amortized cost	474,645	377,812
Interest expenses includes:		
Interest expenses on financial liabilities measured at amortized cost:		
Borrowings	138,160	103,648
Customer accounts	53,499	34,337
Subordinated loans	2,946	5,410
Lease liabilities	1,782	2,164
Total interest expenses on financial liabilities measured at amortized cost	196,387	145,559
Net interest income	278,258	232,253

5. ACCRUAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES ON INTEREST BEARING ASSETS

Accrual of allowance for expected credit losses on interest bearing assets of the Group for the years ended December 31, 2024 and December 31, 2023 was as follows:

	Loans to customers	Due from banks	Total
at December 31, 2022	10,965	1,748	12,713
Accrual/(Recovery)	12,560	1,402	13,962
Write-off	(1,518)	-	(1,518)
Recovery of previously written-off loans	999	-	999
at December 31, 2023	23,006	3,150	26,156
Accrual	14,693	283	14,976
Write-off	(3,620)	-	(3,620)
Recovery of previously written-off loans	1,025	-	1,025
at December 31, 2024	35,104	3,433	38,537

6. INCOME FROM ISLAMIC FINANCE ACTIVITIES

Income from Islamic financing activities of the Group for the years ended December 31, 2024 and December 31, 2023 are as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Murabaha	5,441	3,190
	5,441	3,190

7. ACCRUAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES ON ISLAMIC FINANCE RECEIVABLES

Accrual of allowance for expected credit losses on Islamic finance receivables of the Group for the years ended December 31, 2024 and December 31, 2023 was as follows:

	2024	2023
as at January 1	450	203
Accrual	348	247
Recovery of previously writen-off loans	(106)	-
Write-off	(57)	-
as at December 31	635	450

8. NET GAIN FROM COMMISSIONS

Net gain from commissions of the Group for the years ended December 31, 2024 and December 31, 2023 are as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Commission income		
Service of customer accounts	21,170	10,625
Service of bank cards	4,733	3,947
Money transfers	995	587
Other	1	1
	26,899	15,160
Commission expenses		
Service of bank cards	12,001	6,734
Service of customer accounts	8,909	2,744
	20,910	9,478
	5,989	5,682

9. NET LOSS ON OPERATIONS WITH FINANCIAL INSTRUMENTS

Net loss on operations with financial instruments of the Group for the years ended December 31, 2024 and December 31, 2023 comprises:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Income from operations with financial instruments	3,701	7,115
Loss from operations with financial instruments	(11,199)	(17,353)
	(7,498)	(10,238)

10. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations of the Group for the years ended December 31, 2024 and December 31, 2023 comprises:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Dealing, net	28,168	21,874
Foreign exchange differences, net	(788)	(10,624)
	27,380	11,250

11. ACCRUAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES AND IMPAIRMENT LOSSES ON OTHER ASSETS

(Accrual)/recovery of allowance for impairment losses on other assets of the Group for the years ended December 31, 2024 and December 31, 2023 was as follows:

	Cash and cash equivalents	Obligatory reserve in the NBT	Provision for Long-term assets held for sale	Other assets	Total
at December 31, 2022	494	169	105	1,232	2,000
Accrual/(recovery)	862	106	18	786	1,772
Write-off	-	-	(36)	(13)	(49)
at December 31, 2023	1,356	275	87	2,005	3,723
Accrual/(recovery)	(699)	(41)	(15)	5,362	4,607
Write-off	-	-	-	(39)	(36)
at December 31, 2024	657	234	72	7,328	8,291

12. OTHER NON-OPERATING INCOME

Other non-operating income of the Group for the years ended December 31, 2024 and December 31, 2023 comprise:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Income from sale of license	-	2,022
Deferred income from grant received	92	707
Other	801	842
	893	3,571

During 2023 and 2022 the Company gained income from sales of license for its software electronic wallet “Humo Online”. It is one-time income from sales.

13. OPERATING EXPENSES

Operating expenses of the Group for the years ended December 31, 2024 and December 31, 2023 comprise:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Salary	90,364	71,402
Social fund	19,674	15,514
Depreciation and amortization	9,398	8,575
Accrual of unused vacation provision	6,958	5,868
Depreciation of right-of-use assets	6,019	5,278
Advertisement	4,202	3,343
Bank fee	3,867	6,485
Legal and other professional services	3,493	3,379
Fuel	3,069	2,532
Security	2,479	2,084
Business trip	1,875	1,159
Communication	2,037	1,377
Membership fees and payments	1,956	1,231
Information technology	1,841	2,087
Low valuable items	1,711	3,359
Taxes, other than income tax	1,535	1,412
Utility	1,441	1,069
Fixed assets maintenance	1,222	937
Entertainment	1,101	822
Rent	869	754
Insurance	621	63
Donations and charitable contributions	246	236
Fines and penalties	103	141
Loss on disposal of fixed assets	99	34
Other	8,179	3,305
	174,359	142,446

14. INCOME TAX

The Group measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Republic of Tajikistan, which may differ from IFRS. During 2024 and 2023 on the territory of the Republic of Tajikistan income tax rate was 20% respectively for taxable profit of the Group.

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Temporary differences as at December 31, 2024 and December 31, 2023 relate mostly to different methods of income and expense recognition as well as to temporary differences generated by tax – book bases differences for certain assets and liabilities.

	For the year ended December 31, 2024	**For the year ended December 31, 2023**
Current income tax expenses	23,979	20,041
Changes in deferred income tax	(1,367)	(2,375)
Income tax expense	22,612	17,666

Reconciliation of tax and accounting profits for the years ended December 31, 2024 and December 31, 2023 is as follows:

	For the year ended December 31, 2024	**Effective tax rate**	**For the year ended December 31, 2023**	**Effective tax rate**
Profit before income tax	116,289		87,281	
Tax at statutory rate	23,258	20%	17,456	20%
Tax effect on permanent differences	(646)	(1%)	209	0%
Income tax expense	22,612	19%	17,666	20%

Tax effect from temporary differences as at December 31, 2024 and December 31, 2023 is presented below:

	December 31, 2024	**December 31, 2023**
Deferred income tax assets:		
Allowance on expected credit losses for obligatory reserve in the NBT	234	275
Allowance on expected credit losses for cash and cash equivalents	657	1,356
Allowance on expected credit losses for due from banks	3,433	3,150
Allowance on expected credit losses for other assets	7,328	2,005
Financial instruments recognized through profit and loss	547	2,732
Depreciation of property and equipment and intangible assets	6,205	3,251
Lease liabilities	9,666	12,278
Provision for unused vacations	6,522	5,599
Accrued interest payable	-	-
Income from grants received	-	-
Total deferred income tax asset	34,592	30,646

	December 31, 2024	December 31, 2023
Deferred income tax liabilities:		
Depreciation of property and equipment and intangible assets	-	-
Right of use assets	8,470	11,359
Total deferred income tax liabilities	8,470	11,359
Net deferred income tax liabilities	26,122	19,287
Net deferred income tax liabilities (at statutory tax rate 20%)	5,224	3,857

Temporary differences between tax accounting and current consolidated financial statement lead to deferred tax liabilities as at December 31, 2024 and December 31, 2023 as a result of the following:

	December 31, 2023	Recognized in the statement of profit and loss	Recognized in capital	December 31, 2024
Temporary differences				
Allowance on expected credit losses for loans to customers	55	(8)	-	47
Allowance on expected credit losses for obligatory reserve in the NBT	271	(140)	-	131
Allowance on expected credit losses for cash and cash equivalents	630	57	-	687
Allowance on expected credit losses for due from banks	401	1,065	-	1,466
Depreciation of property and equipment and intangible assets	650	591	-	1,241
Financial instruments recognized through profit and loss	546	(546)	-	109
Provision for long term assets held for sale	-	-	-	-
Lease liabilities	2,456	(523)	-	1,933
Provision for unused vacations	1,120	184	-	1,304
Accrued interest payable	-	-	-	-
Income from grants received	-	-	-	-
Right of use assets	(2,272)	3,966	-	1,694
	3,857	4,646	-	5,224

	December 31, 2022	Recognized in the statement of profit and loss	Recognized in capital	December 31, 2023
Temporary differences				
Allowance on expected credit losses for loans to customers	-	55	-	55
Allowance on expected credit losses for obligatory reserve in the NBT	-	271	-	271
Allowance on expected credit losses for cash and cash equivalents	-	630	-	630
Allowance on expected credit losses for due from banks	-	401	-	401
Depreciation of property and equipment and intangible assets	(158)	808	-	650
Financial instruments recognized through profit and loss	1	545	-	546
Provision for long term assets held for sale	1,240	(1,240)	-	-
Lease liabilities	809	1,647	-	2,456
Provision for unused vacations	813	307	-	1,120
Accrued interest payable	7	(7)	-	-
Income from grants received	-	-	-	-
Right of use assets	(1,230)	(1,042)	-	(2,272)
	1,482	2,375	-	3,857

15. CASH AND CASH EQUIVALENTS

As at December 31, 2024 and December 31, 2023 cash and cash equivalents of the Group consisted of the following:

	December 31, 2024	December 31, 2023
Cash on hand	101,239	98,170
Current account at the NBT	36,595	65,521
Less allowance for expected credit losses	(657)	(1,356)
	137,177	162,335

Movement in the allowance for expected credit losses is disclosed in Note 11.

Cash and cash equivalents of the Group presented in the statement of cash flows include following components:

	December 31, 2024	December 31, 2023
Cash on hand and current account at the National Bank of Tajikistan	137,177	162,335
Correspondent accounts and interbank loans (including allowance on ECL)	49,646	74,008
	186,823	236,343

16. DUE FROM BANKS

As at December 31, 2024 and December 31, 2023 due from banks consisted of the following:

	December 31, 2024	December 31, 2023
Correspondent accounts with other banks	52,376	75,905
Time deposits	33,958	60,638
Less allowance for expected credit losses	(3,433)	(3,150)
	82,901	133,393

Correspondent accounts with other banks represent correspondent accounts with local and Russian banks. As at December 31, 2024 and December 31, 2023 balances of correspondent accounts in Russian banks amounted to 22,324 thousand somoni and 2,517 thousand somoni, respectively.

Movement in the allowance for expected credit losses is disclosed in Note 5.

17. OBLIGATORY RESERVE IN THE NATIONAL BANK OF TAJIKISTAN

As at December 31, 2024 and December 31, 2023 obligatory reserve in the National Bank of Tajikistan consisted of the following:

	December 31, 2024	December 31, 2023
Obligatory reserve in the NBT	18,946	13,273
Less allowance for expected credit losses	(234)	(275)
	18,712	12,998

Movement in the allowance for expected credit losses is disclosed in Note 11.

18. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at December 31, 2024 financial instruments at fair value through profit or loss are presented as follows:

	Nominal value		Fair value	
	Receivables	Payables	Receivables	Payables
Swap	64,865	65,248	-	2,262
Spot	49,203	49,291	-	89
	114,067	117,749	-	2,351

As at December 31, 2023 financial instruments at fair value through profit or loss are presented as follows:

	Nominal value		Fair value	
	Receivables	Payables	Receivables	Payables
Swap	82,791	82,794	-	3,429
Forward	6,844	6,845	-	495
Spot	29,187	29,179	8	-
	118,822	118,818	8	3,924

19. LOANS TO CUSTOMERS

As at December 31, 2024 and December 31, 2023 loans to customers of the Group consisted of the following:

	December 31, 2024	December 31, 2023
Loans to customers	1,520,971	1,149,962
Revised and overdue loans	27,390	16,350
Interest accrued	23,479	19,478
Unamortized portion of front-end commission on loans to customers	(16,328)	(13,224)
Less allowance for expected credit losses	(35,104)	(23,006)
	1,520,408	1,149,560

Breakdown of loans by sectors is presented below:

	December 31, 2024	December 31, 2023
Analysis by sector		
Consumer sector	743,176	585,093
Agriculture	360,406	288,739
Services	200,683	124,082
Industry	66,191	92,800
Trade	185,056	45,431
Other	-	36,421
Less allowance for expected credit losses	(35,104)	(23,006)
	1,520,408	1,149,560

The table below summarizes carrying value of loans to customers analyzed by type of collateral:

	December 31, 2024	December 31, 2023
Analysis by collateral		
Unsecured	1,368,727	971,153
Deposit	109,897	125,364
Household goods	35,475	33,817
Real estate	16,115	19,248
Gold	11,169	10,468
Other	14,129	12,516
Less allowance for expected credit losses	(35,104)	(23,006)
	1,520,408	1,149,560

As at December 31, 2024 and December 31, 2023 the loan portfolio of 1,520,408 thousand somoni and 1,149,560 thousand somoni (including accrued interest and allowance), respectively, were issued to clients operating on the territory of the Republic of Tajikistan which represent significant geographical concentration and the maximum size of credit risk.

Information on the quality of loans to customers measured at amortized cost as at December 31, 2024 and December 31, 2023 is provided in the table below. The presented amounts reflect the gross carrying amount of financial assets divided by measurement stages used to calculate impairment.

	12-month ECL	**ECL during the whole period - unimpaired loans**	**ECL during the whole period - impaired loans**	**Total**
As at December 31, 2022	865,902	2,320	4,686	872,908
Assets recognized in the period	4,720,388	-	-	4,720,388
Recovery of previously written-off loans	-	-	938	938
Movement to 1st Stage	650	(650)	-	-
Movement to 2nd Stage	(11,107)	11,183	(76)	-
Movement to 3rd Stage	-	(7,836)	7,836	-
Assets repaid (except write-off)	(4,400,631)	(2,001)	(4,294)	(4,406,926)
Write-off	-	-	(1,518)	(1,518)
As at December 31, 2023	1,175,202	3,016	7,572	1,185,790
Assets recognized in the period	1,610,804	-	-	1,610,804
Recovery of previously written-off loans	-	-	1,025	1,025
Movement to 1st Stage	(276)	276	-	-
Movement to 2nd Stage	2,462	(2,462)	-	-
Movement to 3rd Stage	7,852	1,612	(9,464)	-
Assets repaid (except write-off)	(1,235,086)	18	12,909	(1,222,159)
Write-off	-	-	(3,620)	(3,620)
As at December 31, 2024	1,557,228	2,460	12,103	1,571,840

The table below presents analysis of changes in allowance on loans to customers in terms of expected credit losses for December 31, 2024 and December 31, 2023.

	12-month ECL	ECL during the whole period - unimpaired loans	ECL during the whole period - impaired loans	Total
As at December 31, 2022	7,567	623	2,775	10,965
Movement to 1st Stage	75	(75)	-	-
Movement to 2nd Stage	(3,153)	3,199	(46)	-
Movement to 3rd Stage	-	(2,277)	2,277	-
Accrual/(Recovery)	10,705	132	1,784	12,621
Recovery of previously written-off loans	-	-	938	938
Write off	-	-	(1,518)	(1,518)
As at December 31, 2023	15,194	1,602	6,210	23,006
Movement to 1st Stage	(89)	89	-	-
Movement to 2nd Stage	28	(28)	-	-
Movement to 3rd Stage	375	1,080	(1,455)	-
Accrual/(Recovery)	8,979	(1,702)	7,423	14,700
Recovery of previously written-off loans	-	-	(3,620)	(3,620)
Write off	-	-	1,017	1,017
As at December 31, 2024	24,487	1,041	9,575	35,104

Information on the quality of loans to customers as at December 31, 2024 is provided below:

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans, %
Not overdue	1,528,361	(22,646)	1,505,715	1%
Overdue less than 30 days	13,079	(1,785)	11,294	14%
Overdue for period from 31 to 90 days	2,016	(1,031)	985	51%
Overdue for period from 91 to 180 days	2,258	(1,628)	630	72%
Overdue for period from 181 to 360 days	4,035	(2,906)	1,129	72%
Overdue more than 360 days	5,763	(5,108)	655	89%
	1,555,512	(35,104)	1,520,408	

Information on the quality of loans to customers as at December 31, 2023 is provided below:

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans, %
Not overdue	1,156,964	(14,222)	1,142,742	1%
Overdue less than 30 days	5,640	(978)	4,662	17%
Overdue for period from 31 to 90 days	2,419	(1,596)	823	66%
Overdue for period from 91 to 180 days	3,163	(2,491)	672	79%
Overdue for period from 181 to 360 days	2,481	(1,947)	534	78%
Overdue more than 360 days	1,899	(1,772)	127	93%
	1,172,566	(23,006)	1,149,560	

20. ISLAMIC FINANCE RECEIVABLES

On February 3, 2020, the Group received a license from the National Bank of Tajikistan to carry out banking operations based on the principles, norms and rules of Sharia in the form of an “Islamic window”.

The main product of the Company's financing is Consumer Murabaha. Murabaha is a transaction for the sale of goods purchased by the Company at the request of a client. The Company purchases the claimed product for the Client and sells it at a premium on a deferred payment basis. The sales price of the goods to the client is determined as the sum of the purchase price, taking into account direct costs plus the trade margin.

As at December 31, 2024 and December 31, 2023 receivables under the Murabaha agreement are presented as follows:

	December 31, 2024	December 31, 2023
Murabaha	21,984	16,070
Less allowance for expected credit losses	(635)	(450)
	21,349	15,620

Concentration of receivables under Murabaha agreements

Accounts receivable arise under the Murabaha agreements in the Republic of Tajikistan in the following sectors:

	December 31, 2024	December 31, 2023
Sector analysis		
Consumer sector	21,984	16,070
Less allowance for expected credit losses	(635)	(450)
	21,349	15,620

	December 31, 2024	December 31, 2023
Analysis by type of collateral		
Products	21,984	16,070
Less allowance for expected credit losses	(635)	(450)
	21,349	15,620

21. LONG-TERM ASSETS HELD FOR SALE

As at December 31, 2024 and December 31, 2023 long-term assets held for sale of the Group consisted of the following:

	December 31, 2024	December 31, 2023
Apartments	174	173
Gold	15	59
Less allowance for impairment losses	(73)	(87)
	116	145

Movement in the allowance for expected credit losses is disclosed in Note 11.

22. PROPERTY AND EQUIPMENT

As at December 31, 2024 and December 31, 2023 property and equipment of the Group consisted of the following:

	Buildings and constructions	Computer and equipment	Vehicles	Furniture and fixtures	Improvement of leased property	Total
At cost						
December 31, 2022	12,334	29,544	1,059	3,322	655	46,914
Additions	-	11,825	624	2,560	52	15,061
Transfer from inventory	-	-	-	-	140	140
Disposal	-	(2,602)	(88)	(6)	-	(2,696)
December 31, 2023	12,334	38,767	1,595	5,876	847	59,419
Additions	-	4,103	1,340	15,294	83	20,820
Disposal	-	(1,981)	(1,291)	(8,313)	(77)	(11,662)
December 31, 2024	12,334	40,889	1,644	12,857	853	68,577
Accumulated depreciation						
December 31, 2022	1,994	14,709	640	2,072	270	19,685
Charge for the year	247	6,099	-	57	458	6,861
Disposal	-	(771)	(88)	(6)	-	(865)
December 31, 2023	2,241	20,037	552	2,123	728	25,681
Charge for the year	247	6,026	295	777	138	7,483
Disposal	-	(244)	(361)	(105)	(793)	(1,503)
December 31, 2024	2,488	25,819	486	2,795	73	31,661
Net book value						
As at December 31, 2022	10,340	14,835	419	1,250	385	27,229
As at December 31, 2023	10,093	18,730	1,043	3,753	119	33,738
As at December 31, 2024	9,846	15,070	1,158	10,062	780	36,916

As of December 31, 2024 and December 31, 2023, the value of fully depreciated property and equipment was 15,860 thousand somoni and 9,161 thousand somoni, respectively.

As of December 31, 2024 and December 31, 2023 there were no fixed assets pledged as collateral for loans received.

23. INTANGIBLE ASSETS

As at December 31, 2024 and December 31, 2023 intangible assets are presented as follows:

	Intangible assets
At cost	
December 31, 2022	9,991
Additions	1,518
December 31, 2023	11,509
Additions	5,091
December 31, 2024	16,600
Accumulated amortization	
December 31, 2022	3,748
Charge for the year	1,714
December 31, 2023	5,462
Charge for the year	1,915
December 31, 2024	7,377
Net book value	
As at December 31, 2022	6,243
As at December 31, 2023	6,047
As at December 31, 2024	9,223

24. LEASES

As at December 31, 2024 and December 31, 2023 right of use assets and lease liabilities of the Group consisted of the following:

	December 31, 2024	**December 31, 2023**
Right of use assets		
Buildings	8,470	11,359
	8,470	11,359

	December 31, 2024	December 31, 2023
Lease liabilities		
Current	7,620	5,439
Non-current	2,046	6,839
	9,666	12,278

	For the year ended December 31, 2024	For the year ended December 31, 2023
Accumulated amortization of right-of-use assets		
Buildings	26,272	20,253
	26,272	20,253

	Right-of-use assets	Lease liabilities
December 31, 2022	6,152	6,202
Additions	10,485	10,485
Amortization of right-of-use assets	(5,278)	-
Interest expenses on lease liabilities	-	2,164
Payments	-	(6,573)
December 31, 2023	11,359	12,278
Modification	3,130	3,074
Amortization of right-of-use assets	(6,019)	-
Interest expenses on lease liabilities	-	1,782
Payments	-	(7,468)
December 31, 2024	8,470	9,666

25. OTHER ASSETS

As at December 31, 2024 and December 31, 2023 other assets of the Group consisted of the following:

	December 31, 2024	December 31, 2023
Other financial assets		
Accounts receivable	64,653	46,890
Cash restricted for use	6,034	4,931
Investments	120	120
Less allowance for expected credit losses on other financial assets	(7,328)	(2,005)
Total other financial assets	63,479	49,936

	December 31, 2024	December 31, 2023
Other non-financial assets		
Taxes paid in advance	14,138	6,943
Prepaid expenses	3,411	5,776
Low value items	3,567	3,090
Cash shortage	-	241
Current income tax prepayments	6	-
Less allowance for other non-financial assets	-	(241)
Total other non- financial assets	21,122	15,809
	84,601	65,745

Investments represent the shares of LLC “Bureau of Credit Information of Tajikistan”, the share of which As of December 31, 2024 and December 31, 2023 is 2.79%.

Movement in the allowance for expected credit losses is disclosed in Note 11.

The most significant debtors of the Group are as follows:

	December 31, 2024	December 31, 2023
Korti milli	8,183	6,927
"Center Credit" Bank	7,042	1,723
PAO "Sberbank of Russia"	3,939	18,867
JSC "Tinkof Bank"	3,103	1,396
SSB "Amonatbonk"	832	1,315

26. DUE TO BANKS AND FINANCIAL INSTITUTIONS

As at December 31, 2024 and December 31, 2023 due to banks and financial institutions of the Group consisted of the correspondent accounts of followings organizations:

	December 31, 2024	December 31, 2023
MLF “Nuri Humo”	7,747	7,328
MDO “Furuz”	269	245
LLC MDO LOLC “Moliya”	44	-
MDO “Finca”	7	-
Other	2,243	1,095
	10,310	8,668

27. CUSTOMER ACCOUNTS

As at December 31, 2024 and December 31, 2023 customer accounts of the Group consisted of the following:

	December 31, 2024	December 31, 2023
Time deposits	445,383	270,957
Current accounts and demand deposits	62,262	61,367
Saving deposits	44,868	40,216
Mudarabah investment	7,782	3,241
Wakalah investment	5,793	3,271
Accrued interest payable	7,610	5,101
	573,698	384,153

28. BORROWINGS

As at December 31, 2024 and December 31, 2023 borrowings of the Group consisted of the following:

	December 31, 2024	December 31, 2023
Loans received	876,394	812,784
Accrued interest payable	29,148	24,642
Unamortized portion of front-end commission on borrowing	(6,092)	(6,239)
	899,450	831,187

As at December 31, 2024 and December 31, 2023 loans received from banks and financial institutions of the Group comprise of the following:

Creditor	Currency	Maturity date	December 31, 2024	December 31, 2023
Frankfurt School Financial Services	Tajik somoni	14 March 2025	34,874	34,874
IFC	Tajik somoni	15 March 2027	32,363	-
World Bank	Tajik somoni	26 May 2027	30,639	32,621
Bank im Bistum	Euro	05 August 2027	28,556	-
KIVA	Tajik somoni	31 October 2026	25,341	25,282
BlueOrchard Microfinance Fund	Tajik somoni	14 September 2026	24,663	32,884
BlueOrchard Microfinance Fund	Tajik somoni	17 July 2026	24,575	32,766
Ministry of Economic Development and Trade of RT (KFW)	Tajik somoni	21 January 2030	23,085	23,085
EMF Microfinance Fund	Tajik somoni	27 March 2026	21,922	21,922
EMF Microfinance Fund	Tajik somoni	02 March 2026	21,916	-
Microfinance Initiative for Asia (MIFA)	US Dollars	14 April 2025	21,865	21,914
BlueOrchard Microfinance Fund	Tajik somoni	28 March 2025	21,827	21,827
Hansainvest	Tajik somoni	12 June 2025	21,826	43,652
Symbiotics Sicav (Lux)	Tajik somoni	12 September 2027	21,313	-
European Bank for Reconstruction and Development	Tajik somoni	12 October 2027	21,307	-
Symbiotics Sicav (Lux)	US Dollars	10 December 2027	19,132	-
Cardano	Tajik somoni	27 November 2026	19,009	-
BlueOrchard Microfinance Fund	Tajik somoni	05 June 2026	16,427	21,903
DWM INCOME FUNDS S.C.A	Tajik somoni	15 July 2026	15,998	-
Triodos	Euro	15 September 2025	15,983	16,924
SSB RT "Amonatbonk"	Tajik somoni	17 February 2025	15,000	15,000
SUE "Sanoatsodirotbonk"	Tajik somoni	01 October 2025	15,000	-
GRAMEEN CREDIT AGRICOLE	Tajik somoni	15 October 2026	14,840	18,551
Symbiotics Sicav (Lux)	US Dollars	04 December 2027	13,666	-
Aequitas Fund	Tajik somoni	30 May 2025	12,470	15,310
DWM INCOME FUNDS S.C.A	Euro	26 September 2025	11,422	12,094
Symbiotics Sicav (Lux)	Tajik somoni	25 September 2026	10,961	10,961
Symbiotics Sicav (Lux)	Tajik somoni	23 August 2026	10,960	10,960
MCE	Tajik somoni	27 February 2026	10,959	-
EMF Microfinance Fund	Tajik somoni	15 June 2026	10,957	10,957
DWM INCOME FUNDS S.C.A	Tajik somoni	12 June 2026	10,730	-
European Bank for Reconstruction and Development	Tajik somoni	02 July 2027	10,678	-
Symbiotics Sicav (Lux)	Tajik somoni	25 April 2025	10,675	-
Symbiotics Sicav (Lux)	Tajik somoni	14 May 2025	10,661	-

Creditor	Currency	Maturity date	December 31, 2024	December 31, 2023
Symbiotics Sicav (Lux)	Tajik somoni	20 June 2026	10,657	-
European Bank for Reconstruction and Development	Tajik somoni	15 October 2027	10,650	-
DWM INCOME FUNDS S.C.A	Euro	13 October 2025	10,280	10,885
Symbiotics Sicav (Lux)	Tajik somoni	17 January 2025	10,241	10,241
Symbiotics Sicav (Lux)	Tajik somoni	01 May 2025	10,207	10,207
European Bank for Reconstruction and Development	Tajik somoni	30 November 2026	9,857	12,322
Aequitas Fund	Tajik somoni	30 May 2025	9,369	6,530
DWM INCOME FUNDS S.C.A	Tajik somoni	12 December 2025	8,830	-
European Bank for Reconstruction and Development	Tajik somoni	30 November 2026	8,762	10,953
DWM INCOME FUNDS S.C.A	Tajik somoni	13 March 2026	8,736	-
National Bank of Tajikistan	Tajik somoni	23 January 2025	7,532	-
European Bank for Reconstruction and Development	Tajik somoni	10 February 2026	6,201	10,336
DWM INCOME FUNDS S.C.A	Euro	27 May 2025	6,092	9,676
CJSC Activ Bonk	Tajik somoni	15 June 2025	6,000	-
CJSC Activ Bonk	Tajik somoni	15 September 2025	6,000	-
Symbiotics Sicav (Lux)	Tajik somoni	29 August 2026	5,481	5,481
Symbiotics Sicav (Lux)	Tajik somoni	15 August 2026	5,471	5,471
Symbiotics Sicav (Lux)	Tajik somoni	15 May 2026	16,391	16,391
Symbiotics Sicav (Lux)	Tajik somoni	16 May 2026	16,371	16,371
Symbiotics Sicav (Lux)	Tajik somoni	12 April 2026	5,323	-
Symbiotics Sicav (Lux)	Tajik somoni	12 November 2027	5,323	-
MCF “Refinancing fund”	Tajik somoni	11 November 2025	5,320	10,640
Symbiotics Sicav (Lux)	Tajik somoni	17 January 2025	5,120	5,120
National Bank of Tajikistan	Tajik somoni	24 January 2025	5,000	-
Triodos	Tajik somoni	06 March 2025	4,719	9,438
Triodos	Tajik somoni	06 March 2025	4,719	9,438
European Bank for Reconstruction and Development	Tajik somoni	09 February 2026	4,645	7,742
European Bank for Reconstruction and Development	Tajik somoni	27 October 2025	4,086	8,172
MCF “Refinancing fund”	Tajik somoni	11 November 2025	4,068	4,068
Avtiam Financial Inclusion Fund	Euro	17 February 2025	3,807	12,094
Avtiam Financial Inclusion Fund	Euro	17 February 2025	3,807	12,094
European Bank for Reconstruction and Development	US Dollars	30 November 2026	3,280	4,109
European Bank for Reconstruction and Development	Tajik somoni	22 June 2025	3,237	-
CJSC Activ Bonk	Tajik somoni	15 May 2025	3,000	-
Lendahand	US Dollars	01 November 2025	1,741	1,744
European Bank for Reconstruction and Development	US Dollars	09 February 2026	1,640	2,739
European Bank for Reconstruction and Development	US Dollars	22 June 2025	1,093	-
MCF “Refinancing fund”	Tajik somoni	11 November 2025	957	1,915
Lendahand	US Dollars	01 June 2025	779	2,341
SSB RT "Amonatbonk"	Tajik somoni	22 September 2024	-	20,000
MCF “Refinancing fund”	Tajik somoni	10 January 2024	-	15,000
Triodos	Tajik somoni	18 November 2024	-	14,543
DWM INCOME FUNDS S.C.A	US Dollars	13 September 2024	-	13,696
DWM INCOME FUNDS S.C.A	Tajik somoni	13 September 2024	-	12,796
Symbiotics Sicav (Lux)	Tajik somoni	27 May 2024	-	11,323

Creditor	Currency	Maturity date	December 31, 2024	December 31, 2023
Luxembourg Microfinance and Development Fund	Tajik somoni	10 January 2024	-	11,300
Luxembourg Microfinance and Development Fund	Euro	10 January 2024	-	10,522
European Bank for Reconstruction and Development	Tajik somoni	23 June 2025	-	9,710
Frankfurt School Financial Services	US Dollars	15 September 2024	-	7,305
Symbiotics Sicav (Lux)	Tajik somoni	25 February 2024	-	5,652
Symbiotics Sicav (Lux)	Tajik somoni	28 November 2024	-	5,105
SUE "Sanoatsodirotbonk"	Tajik somoni	30 August 2024	-	5,000
World Bank	Tajik somoni	31 May 2024	-	4,548
BlueOrchard Pool Microfinance	Tajik somoni	14 April 2024	-	4,301
BlueOrchard Microfinance Fund	Tajik somoni	14 April 2024	-	4,301
BlueOrchard Microfinance Fund	Tajik somoni	16 January 2024	-	3,845
Hansainvest	US Dollars	09 April 2024	-	3,652
Hansainvest	US Dollars	09 April 2024	-	3,652
European Bank for Reconstruction and Development	US Dollars	23 June 2025	-	3,287
GRAMEEN CREDIT AGRICOLE	Tajik somoni	15 June 2024	-	2,062
GRAMEEN CREDIT AGRICOLE	Tajik somoni	15 June 2024	-	1,139
World Bank	Tajik somoni	26 April 2024	-	40
			876,394	812,784
Accrued interest payable			29,148	24,642
Unamortized portion of front-end commission on borrowing			(6,092)	(6,239)
			899,450	831,187

29. SUBORDINATED LOANS

As at December 31, 2024 and December 31, 2023 subordinated loans of the Group consisted of the following:

Creditor	Currency	Maturity date	December 31, 2024	December 31, 2023
MCE SOCIAL CAPITAL	US Dollars	31 January 2025	10,933	10,957
Symbiotics Global Impact Investments Sarl	US Dollars	28 August 2026	5,466	5,479
Symbiotics Sicav l l ABN AMRO Impact Fund	US Dollars	19 August 2026	5,466	5,479
GRAMEEN CREDIT AGRICOLE MICROFINANCE FOUNDATION	US Dollars	15 June 2024	-	10,957
Accrued interest payable			335	391
Unamortized portion of front-end commission on subordinated loans			(45)	(88)
			22,155	33,175

In 2019, the Group, within the framework of the loan agreement dated April 11, 2019, attracted a subordinated loan from Grameen Credit Agricole Microfinance Foundation. The loan term is 5 years. In 2019, the Group, within the framework of the loan agreement dated December 19, 2019, attracted a subordinated loan from MCE Social Capital. The loan term is 5 years.

In 2021, the Group, under loan agreements dated August 18 and August 27, 2021, attracted subordinated loans from Symbiotics Global Impact Investments Sarl with maturities of 5 years. In case of bankruptcy or liquidation of the Group, repayment of these loans is made after the fulfillment of the Group's obligations to all other creditors.

Movement of liabilities from financing activities

The table below shows changes in the Group's borrowings and subordinated loans from financing activities, including changes involving cash and non-cash. These are debts where the money movements were, or will be, shown as financing activities in the Group's cash flow statement.

	Borrowings	**Subordinated debt**
December 31, 2022	469,862	51,336
Financing cash flows	335,396	(21,804)
Foreign exchange movements	12,225	3,737
Changes in accrued interest	13,704	(94)
December 31, 2023	831,187	33,175
Financing cash flows	68,927	(10,688)
Foreign exchange movements	(5,170)	(276)
Changes in accrued interest	4,506	(56)
December 31, 2024	899,450	22,155

30. OTHER LIABILITIES

As at December 31, 2024 and December 31, 2023 other liabilities of the Group consisted of the following:

	December 31, 2024	**December 31, 2023**
Other financial liabilities		
Accounts payable	38,108	38,035
Unused vacation provision	6,522	5,599
Salary payable	4,626	3,586
Provision for bonuses	1,478	1,287
Obligations to the client for the received pledge for sale	114	114
Other	625	467
Total other financial liabilities	51,473	49,088
Other non-financial liabilities		
Income tax liabilities	6,696	1,893
Other taxes payable	5,492	5,225
Grants received	591	370
Total other non-financial liabilities	12,779	7,488
	64,252	56,576

On April 13, 2022, Group entered into a bilateral agreement with DAI Global, LLC. Based on this agreement, the Group received a grant of 59 thousand US dollars. The funds received from the grant were used for the purchase of POS terminals.

On August 20, 2024, the Group entered into a grant agreement with ACDI/VOCA. Pursuant to this agreement, the Group was awarded a grant totaling USD 141,540 to support a project focused on enhancing banking services. The initiative is aimed at advancing a payment card processing platform, increasing the share of loans disbursed via payment cards, and improving the accessibility and cost-efficiency of lending services.

Additionally, the project includes the development of an Agency Banking Model and initiatives to raise awareness of digital financial services. The initial tranche of grant funding, amounting to TJS 271,674.45, was received on December 25, 2025.

Movement in provision for unused vacation for the years ended December 31, 2024 and December 31, 2023 was as follows:

	2024	2023
as at January 1	5,599	4,046
Used vacations	(6,035)	(4,315)
Accrual	6,958	5,868
as at December 31	6,522	5,599

31. SHARE CAPITAL

As at December 31, 2024 and December 31, 2023 share capital of the Group consisted of the following:

	December 31, 2024	Share	December 31, 2023	Share
Gojo & Company, Inc	96,030	97%	96,030	97%
Individuals	2,972	3%	2,972	3%
Desjardins Fund for Inclusive Finance, LP	-	0%	-	0%
	99,002	100%	99,002	100%

Based on the minutes of the general meeting of shareholders dated May 31, 2024, the Group declared dividends of a 20% of last year profit in the amount of 13,923 thousand somoni, which were distributed as follows: to pay withholding tax on dividends of 12% in the amount of 1,671 thousand somoni and to pay dividends to shareholders, after withholding tax, in the amount of 12,252 thousand somoni.

32. CONTINGENT LIABILITIES

Capital expenditure commitments

As at December 31, 2024 and December 31, 2023 the Group had no capital expenditure commitments.

Loan related commitments, guarantees and other financial contracts

In the normal course of business, the Group provides its customers with a variety of financial instruments that are accounted for on off-balance sheet accounts and have different degrees of risk. As at December 31, 2024 and December 31, 2023 the Group did not have such obligations.

Legal proceedings

From time to time the Group's customers and counterparties claim against the Group and the Group claims against customers. As at the reporting date the Group was not involved in legal proceedings which could lead to changes in the consolidated financial statements.

Taxation

Tax legislation of the Republic of Tajikistan may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the consolidated financial statements.

Economic environment

The Group’s principal business activities are within the Republic of Tajikistan. Laws and regulations affecting the business environment in the Republic of Tajikistan are subject to rapid changes and the Group’s assets and operations could be at risk due to negative changes in the business environment.

Operating environment

Emerging market of the Republic of Tajikistan is subject to more risks than developed markets, including economic and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in countries and the countries’ economy in general.

Laws and regulations affecting businesses in the Republic of Tajikistan continue to change rapidly. Tax, currency and customs legislation within the country are subject to varying interpretations, and other legal and fiscal difficulties leading to the challenges faced by the Group.

The future economic direction of the Republic of Tajikistan is largely dependent on economic, fiscal and monetary measures undertaken by the Government, together with legal, regulatory developments.

These consolidated financial statements do not include any adjustments that would have been required due resolution of the uncertainty in the future. Possible adjustments may be made to the statements in that period in which necessity of their reflection will become evident, and it will be possible to estimate their numerical values.

33. TRANSACTIONS WITH RELATED PARTIES

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. In the consolidated statement of financial position as at December 31, 2024 and December 31, 2023 the following amounts were represented which arose due to transactions with related parties:

	December 31, 2024		December 31, 2023	
	Related party transactions	Total category as per the consolidated financial statements caption	Related party transactions	Total category as per the consolidated financial statements caption
Loans to customers	305	1,520,408	231	1,149,560
Customer accounts	986	573,698	879	384,153

In the consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2024 and December 31, 2023 the following amounts were represented which arose due to transactions with related parties:

	For the year ended December 31, 2024		For the year ended December 31, 2023	
	Related party transactions	Total category as per the consolidated financial statements caption	Related party transactions	Total category as per the consolidated financial statements caption
Interest income	97	474,644	70	377,812
Interest expenses	201	196,386	144	145,559
Operating expenses:				
Compensation to key management personnel	2,813	174,359	5,471	142,446
Contributions to the social fund	563	174,359	1,094	142,446
Professional services	1,121	174,359	293	142,446

Transactions with related parties are presented as follows:

ASSETS:	**Relation**
Loans to clients	Key Personnel of the Group
LIABILITIES:	
Customer accounts	Key Personnel of the Group
Statement of profit or loss and other comprehensive income	
Interest income	Key Personnel of the Group
Interest expenses	Key Personnel of the Group
Operating expenses	Key Personnel of the Group

34. PRUDENTIAL REQUIREMENTS

In order to ensure capital adequacy in accordance with established quantitative measures the Group is required to maintain minimum amounts and ratios of regulated capital to total assets weighted in view of risk (12%), ratio of regulated capital to total assets (10%) and ratio of Tier 1 capital to Risk weighted assets (10%).

The ratio was calculated according to the principles employed by the National Bank of Tajikistan which may differ from Basel Committee principles by applying the following risk estimates to the assets and off-balance sheet commitments net of allowances for impairment losses.

And the actual amounts of the Group's capital ratios are as follows:

	December 31, 2024	December 31, 2023
Movement in tier 1 capital		
At the beginning of the year	183,150	101,794
Allocation to reserves	54,877	83,735
Change in intangible assets	(1,094)	345
Investment shares (shares) in other financial organizations	(1,759)	(2,724)
At the end of the year	235,174	183,150
Composition of regulatory capital:		
Tier 1 capital:	**237,406**	**183,151**
General fund on assets served	17,183	10,364
Revaluation reserve for fixed assets	2,376	2,451
50% of net income	45,956	34,866
Subordinated debts	2,187	6,574
Total regulatory capital	**305,108**	**237,406**

	Ratio for Capital Adequacy purposes	Minimum Required Ratio
As at December 31, 2024		
Capital adequacy ratio K1.1	16.78%	12%
Capital adequacy ratio K1.2	15.42%	10%
Capital adequacy ratio K1.3	13.03%	10%
As at December 31, 2023		
Capital adequacy ratio K1.1	16.17%	12%
Capital adequacy ratio K1.2	14.27%	10%
Capital adequacy ratio K1.3	12.8%	8%

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue on a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt and equity of shareholders, which includes issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Management Board reviews the capital structure on a regular basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group balances its overall capital structure through capitalization of retained earnings, attraction of additional debts or the redemption of existing debt.

36. RISK MANAGEMENT POLICIES

Management of risk is fundamental in Group's business. The main risks inherent to the Group's operations are those related to:

- Credit exposures;
- Operational risk
- Liquidity risk;
- Market risk.

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its planned objectives. These principles are used by the Group to manage the following risks:

Credit risk

The Group is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Risk management and monitoring is performed within set limits of authority. These processes are performed by the Credit Committees and the Group's Management Board. Before any application is made by the Credit Committee, all recommendations on credit processes (borrower's limits approved, or amendments made to loan agreements, etc.) are reviewed and approved by the Management. Daily risk management is performed by the risk management, assets and liabilities committee and economics department.

The Group has developed policies and procedures to manage credit risk, which includes limiting portfolio concentration and the creation of the Credit Committee, which monitors the credit risk. The Group's credit policy is reviewed and approved by Board of Directors. The Group structures the levels of credit risk by setting limits to the size of the risk taken in relation to one borrower or group of borrowers, as well as by sector of economy. Monitoring of the actual risks in relation to the established limits is conducted on daily basis.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet obligations related to payment of interest and principal amount, and by changing these lending limits when such necessity is arisen. Exposure to credit risk is also regulated by obtaining collateral and guarantees. Such risks are monitored on a permanent basis and subject to quarterly or more frequent reviews.

Definition of default

Default is the recognition by the Group the fact that the counterparty has fully or partially failed to fulfill its financial obligations to the Group.

A default occurs no later than the moment when a financial asset is delayed by 90 days, unless the Group has reasonable and corroborated information demonstrating that the use of the default criterion with longer delay days is more appropriate. The definition of default used for this purpose is applied consistently to all financial instruments, except when information becomes available that demonstrates a different definition of default is more appropriate for a particular financial instrument.

The Group recognizes the default of the counterparty if either of the following criteria is met or both:

Qualitative criteria – the Group has reasonable basis to believe that the counterparty is unlikely to fulfill its obligations to the Group in full amount without use of such measures as sale of collateral (if available).

Quantitative criteria - the counterparty has overdue obligations to the Group with a delay of more than 90 calendar days.

Qualitative criteria for recognition of default

Qualitative criteria for default recognition include an analysis of indicators of financial stability, liquidity and profitability, as well as liquidity of collateral, which is used to determine the creditworthiness of the counterparty.

The most significant criteria characterizing the financial condition of the counterparty are indicators of the stability of financial flows, the sufficiency of own funds and the level of debt or liabilities.

Qualitative assessment should be supplemented with the monitoring of credit operations, as well as control over the issuance of loans.

The following events can be a basis for recognizing default:
1. Failure to comply with the terms of the contract.

The counterparty did not fulfill the terms of the contract (for example, covenants), as a result of which the Group acknowledged the counterparty's default on the contract (according to the terms of the contract) and demanded early repayment of the debt.

This criterion is applied if the counterparty did not fulfill the Group's requirement for early repayment of the debt in full and in a timely manner.

The date of default in this case is the date of first overdue day on the debt requested for early repayment.

2. Restructuring the claim

The Group decided to restructure its claims due to the financial difficulties of the counterparty, including a significant reduction in the volume of payments on principal amount, interest or commissions and / or a significant delay in their payment.

The date of default is the date of the restructuring decision (the first restructuring, if there were several cases).

3. Bankruptcy of the counterparty

- The counterparty or the Group has filed a lawsuit to declare the counterparty bankrupt; or
- The counterparty is declared bankrupt; or
- Bankruptcy procedures were introduced with respect to the counterparty, or the counterparty received a similar protection, which allows to avoid or delay the repayment of the Group's claims.

4. Other events

In the case of revealing direct or indirect evidence of a high probability of negative events, recognition of default can be based on appropriate professional judgment.

In forming a professional judgment, the following facts should be taken into account:

- payments of debts to the Group or other creditors are delayed (delay of principal, interest, commissions and other payments);
- the Group has accrued an allowance or performed a negative revaluation on its claims due to the expected significant decrease in credit quality;

- loans and/or other financial assets were sold (transferred) by the Group with an economic loss;
- loans and/or other financial assets were restructured on unfavorable conditions for the Group;
- there were significant negative changes in the financial and economic activities of the counterparty;
- the fact of fraud on the part of the counterparty (in relation to the Group or third parties) was detected and confirmed.

The date of default in this case is the date of the formation of the relevant professional judgment.

Quantitative criteria for the recognition of default

The counterparty has overdue payments to the Group with a delay of more than 90 calendar days (unless the Group has reasonable and corroborated information demonstrating that the use of a longer than 90 days period is more appropriate).

Significant increase in credit risk

The management of the Group applies judgment to estimate a significant increase in credit risk, which is a critical element in estimating expected credit losses. The following factors are taken into account by the Group when assessing a possible significant increase in credit risk:

- Continuous delays on payments by counterparty more than 30 calendar days;
- Loan restructuring due to the inability to maintain loans and/or other financial assets on current terms;
- The use of significant interventions by the Group to reduce credit risks, such as direct control (management) of operating activities of the counterparty;
- The Group projects that over the next 12 months the counterparty will have substantially insufficient cash for repayment the loan on current terms;
- Actual or expected significant negative change in the external credit rating of a financial instrument;
- Existing or projected adverse changes in commercial, financial or economic conditions that are expected to significantly alter the borrower's ability to meet its debt obligations;
- Significant increase in credit risk on other financial instruments of the same borrower;
- Granting a grace period for the loan payment;
- Availability of information on the involvement of the counterparty in litigation, which may worsen its financial condition.

Credit risk is low for financial instruments if:

1. The risk of a default on a financial asset / liability is low;

2. The borrower has a substantial margin of safety in order to fulfill his/her obligations to pay the contractual payments in the near future; and

3. Adverse changes in the economic conditions for conducting business in the longer term may lead, but not necessarily will lead to a decrease in the borrower’s ability to meet its obligations.

As part of its activities, the Group excludes an increase in credit risk on government bonds denominated in national currency, as well as balances in financial institutions with a high credit rating.

Initial data for estimating expected credit losses (ECL)

The main initial data for estimating expected credit losses are temporary structures of the following variables:
- probability of default (PD);
- the level of loss given default (LGD); and
- amount of credit exposure at default (EAD).

These indicators are derived from internal statistical models and other historical data. They are also adjusted for macroeconomic trends in order to reflect the forecast information.
As part of the assessment of expected credit losses, it was decided to divide the total portfolio into the following groups: legal entities (corporate borrowers, small and medium businesses, excluding banks), individuals, financial organizations, securities and contingent liabilities (guarantees, letters of credit,

credit lines). This separation was made due to both economic substance and the availability of necessary information for modeling.

Estimated probability of default (PD) is calculated as at a specific date and based on:

- migration matrix models for consumer loans, SME loans, mortgage loans and multi-purpose loans;
- shadow rating models for financial organizations and securities where the emitter is a financial organization.

Migration matrix model for loans estimated on a group basis.

The probability of default of the retail loan portfolio and the SME portfolio is calculated on a group basis. The methodology can be divided into a number of stages:

1. At the first stage, data are generated for each customer as part of the retail loan portfolio and the SME portfolio, in the context of each loan product of the Group.
2. At the second stage, the calculation of the probability of default for a group of loans that belong to the same credit product.
3. Then, the previously calculated probability of default (1 year PD) is used to calculate the adjustment considering macroeconomic forecasts.
4. Based on the calculated and previously adjusted macroeconomic forecasts of the probability of default for a group of loans evaluated on a collective basis, the probability of default of the loan is calculated for the entire lifetime of its PD.
5. Calculation of the value of LGD - losses in case of default, determined for a particular customer, for which the allowance is calculated, depending on the term of the overdue debt.

As part of this analysis, within retail portfolio were allocated 3 groups of loan products, with the approval of Management of the Group, namely: loan "Business micro", consumer loans, loans for agro-micro. The SME portfolio in the calculation of expected credit losses was divided into two subgroups: loans to small and medium businesses and loans for micro business development.

The calculation of expected credit losses is based on the use of Markov chains in predicting the probability of default. The method is based on the ability to simulate the dynamic condition of the system during its operation. Based on the possible probabilities of the implementation of a particular development scenario of the economic process, it is possible to predict the future condition of the economic system over a given forecasting horizon.

The shadow rating model for assessing the probability of default of a financial institution.

This model has common rules with the shadow rating model for assessing the probability of default of a non-financial organization.

The Group used following criteria for sample selection:

1. Commercial entities of the following countries were analyzed (countries of the former Soviet Union, except for the Baltic states and Turkmenistan): Russia, Kazakhstan, Kyrgyzstan, Ukraine, Ukraine, Belorussia, Armenia, Georgia, Azerbaijan, Uzbekistan, Tajikistan.
2. Only companies which possess long-term external credit rating of one (or several) world leading rating agencies – S&P, Moody’s or Fitch – were included in the sample. Only international scale ratings were taken into account. In the case of several credit ratings, for the purposes of this model, their maximum value was used.
3. If the credit rating was assigned before December 2016, the Group was not added to the sample due to the irrelevance of the financial indicators for 2016-2017.
4. The sample included only those banks that placed the full version of their IFRS reporting (including interim financial statements) for 2016 and 2017 years on publicly available resources.
5. The sample included only those banks that provide information about their shareholders (controlling parties).
6. The sample included only those banks that provide information about capital adequacy for 2016 and 2017 years (including the dates of the interim financial statements)

Based on the results of the above algorithm application, a sample of 122 banks was compiled.

The selection of regression indicators was carried out step by step in accordance with the following criteria:

1. assessment of the statistical significance of the independent explanatory factor of regression;
2. assessment of the compliance of the sign of the coefficient factor in the model with its logical meaning.

The final model used the following independent variables:

1. sovereign rating of the country in which bank operates;
2. membership of bank in an international banking group;
3. state ownership;
4. ratio of loan loss allowance to the total loan portfolio;
5. return on assets;
6. the difference between total capital adequacy and its regulatory value.

The level of loss given default (LGD) is the level of losses from the total amount of debt at the time of a default event. This is an indicator of the actual losses that the Group will incur shall the client default. When calculating expected credit losses, the Group may apply one of three methods:

- *Economic LGD* is calculated on the basis of cash flows received as a result of the process of working with overdue debts (the volume of unreceived cashflows). In the framework of the economic LGD method, the level of losses from the amount of debt at the time of default is determined as discounted proceeds from the sale of the pledged property less selling expenses. Application of this method is limited to corporate and institutional borrowers.

- *Statistical LGD* is calculated on the basis of analysis of historical LGD data and instrument characteristics. The statistical method is based on statistical processing of data on the level of debt collection based on information from financial institutions on borrower defaults and penalties. Calculation of statistical LGD depending on the type of chosen collateral, namely group guarantee, movable property, real estate, mixed collateral, guarantee, jewelry, unsecured, deposit. The effective interest rate of the loan was used as discount rate. Applicable for all types of loans.

- *Market LGD* is calculated on the basis of market prices for similar bonds/loans not in default status. Market LGD is estimated based on open historical data and bank researches. This approach does not take into account the peculiarities of the national economy and its application is mainly justified in case if the available data for calculating of economic and statistical LGDs is insufficient. Application is limited to corporate and institutional borrowers.

The value of the credit exposure at default (EAD) is the expected value of total claims of the Group at risk on the date of default. This indicator is calculated by the Group for loans as the sum of the remaining debt and accrued interest; for unconditional credit lines as the sum of the full credit limit and accumulated interest; for conditional credit lines EAD is used as the amount of the issued loan amount and accrued interest; for guarantees as the sum of the issued guarantee payment.

In the framework of its activities, the Group separates the following groups: consumer loans, mortgage loans, loans to small and medium businesses and corporate loans. Groups are subject to regular checks to ensure that credit risk exposures within a certain group has similar credit risk characteristics.

Forecast information

In accordance with IFRS 9, the Group included forecast information both in its assessment of a significant increase of credit risk since the initial recognition and in the assessment of expected credit losses.

The Group uses professional judgment to evaluate forecast information. This estimate is also based on information obtained from external sources. External information may include economic data and forecasts published by government agencies and monetary policy regulation authorities of countries in which the Group operates, such as the NBT, as well as some external sources in relation to the country, such as the Trading Economics, as well as individual and scientific forecasts.

The Group identified and documented a list of the main factors affecting the assessment of credit risk and credit losses related to the financial instruments of the Group and using the analysis of historical data assessed the relationship between macroeconomic variables and credit risks. The key factors identified include growth forecast of exchange rate USD/TJS and key rates based on the consensus of basic and conservative predictions.

Correlations between the key macroeconomic indicators and the events of default were developed based on analysis of historical data for the last 6 years.

Assessment of macroeconomic data was performed using a multivariate linear regression. The following indicators were tested as independent variables:

- GDP and real GDP growth rates;
- unemployment rate
- key rates;
- refinancing rate;
- consumer price index;
- ratio of overdue debts of the banking system to total debts for previous periods.

After analyzing the model's variables for statistical significance and economic reasonability the Group selected the following variables of the final model:

a) Rate USD/TJS for the next year after the reporting period (Trading Economics).
b) The change in the key rate for the next year after the reporting period (Trading Economics).

The adjusted coefficient of determination of the regression equation equaled to 0.95.

Working with collateral

In order to reduce credit risks on loans to customers and issued guarantees, the Group requires whenever possible to receive collateral in form of cash, securities, letters of credit / guarantees, real estate, receivables, materials or other non-financial assets. The Group's accounting policy in respect of collateral received under the loan agreements in accordance with IFRS 9 is similar to the accounting policy in accordance with IAS 39. Collateral is not recognized in the statement of financial position unless it was not foreclosed by the Group. However, the fair value of collateral affects the calculation of ECL and should be measured at least at the initial stage of a loan issuance and subsequently revised on a quarterly basis. The Group uses available market data to evaluate financial assets held as collateral to the extent possible. Other financial assets, that do not have an easily determined market value, are valued using models.

Maximum exposure

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

The following table presents the maximum exposure to credit risk off-balance sheet and off-balance sheet financial assets. For financial assets in the consolidated statement of financial statements, the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral. For financial guarantees and other off-balance sheet assets, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on.

Collateral pledge is determined based on its estimated fair value on the reporting date and limited to the outstanding balance of each loan as at reporting date.

	Maximum exposure	**Offset**	**Net exposure after offset**	**Collateral**	**2024 net exposure after offset and collateral**
Cash and cash equivalents	137,177	-	137,177		137,177
Due from banks	82,901	-	82,901	-	82,901
Obligatory reserve in the National Bank of Tajikistan	18,712	-	18,712	-	18,712
Loans to customers	1,520,408	-	1,520,408	(186,785)	1,333,623
Islamic finance receivables	21,349	-	21,349	-	21,349
Other assets	63,479	-	63,479	-	63,479

	Maximum exposure	**Offset**	**Net exposure after offset**	**Collateral**	**2023 net exposure after offset and collateral**
Cash and cash equivalents	162,335	-	162,335	-	162,335
Due from banks	133,393	-	133,393	-	133,393
Obligatory reserve in the National Bank of Tajikistan	12,998	-	12,998	-	12,998
Financial assets at fair value through profit or loss	8	-	8	-	8
Loans to customers	1,149,560	-	1,149,560	(197,461)	952,099
Islamic finance receivables	15,620	-	15,620	-	15,620
Other assets	49,936	-	49,936	-	49,936

In instances where one party to a financial instrument fails to discharge a credit obligation fully or partially, the Group has the right to ensure fulfillment of these obligations through the:

1. joint sale of the pledged assets;

2. transfer of ownership rights on pledged assets in accordance with the established law; and

3. exercising of the charge on pledged assets through judicial procedures.

Where there is a joint sale of the pledged assets, the Group normally uses a tripartite agreement with the borrower and acquirer of the pledged assets. Under this agreement the acquirer of the pledged assets has an obligation to repay the full amount of the outstanding debt; the borrower has an obligation to transfer the right of ownership of the assets to the acquirer, and the Group releases the obligation from the borrower and removes the pledge over the assets.

The Group exercises the charge on pledged assets through judicial procedures if it is impossible or inefficient to use alternative methods or where the seizure of assets pledged is required in order to protect the rights on the Group.

Financial assets are graded according to the current credit rating they have been issued by internationally regarded agencies. The highest possible rating is Aaa. Investment grade financial assets have ratings from Aaa to Baa3. Financial assets which have ratings lower than Baa3 are classed as speculative grade.

The following tables provide classification of financial assets of the Group by credit ratings:

	Aaa - A3	**Baa1-Ba3**	**B1-B3**	**Not Rated**	**2024 Total**
Cash and cash equivalents	-	-	36,595	100,582	137,177
Due from banks	-	-	59,380	23,521	82,901
Obligatory reserve in the National Bank of Tajikistan	-	-	18,712	-	18,712
Loans to customers	-	-	-	1,520,408	1,520,408
Islamic finance receivables	-	-	-	21,349	21,349
Other assets	-	-	-	84,601	84,601

	Aaa - A3	**Baa1-Ba3**	**B1-B3**	**Not Rated**	**2023 Total**
Cash and cash equivalents	-	-	64,166	98,169	162,335
Due from banks	-	-	130,958	2,435	133,393
Obligatory reserve in the National Bank of Tajikistan	-	-	12,998	-	12,998
Financial assets at fair value through profit or loss	-	-	-	8	8
Loans to customers	-	-	-	1,149,560	1,149,560
Islamic finance receivables	-	-	-	15,620	15,620
Other assets	-	-	-	65,745	65,745

Since not all counterparties of the Group are rated by international rating agencies, the Group uses an internal rating and scoring models to determine the rating of the counterparty, comparable to ratings of international rating agencies. Such tools include a rating model for corporate clients and scoring models for retail and small business customers.

The banking industry is generally exposed to credit risk through its loans to customers and interbank deposits. Main credit risk exposure of the Group is concentrated within the Republic of Tajikistan. The exposure is monitored on a regular basis to ensure that the credit limits and creditworthiness guidelines established by the Group’s risk management policy are not breached.

Geographical concentration

Risk management department exercise control over the risk associated with changes in the norms of the legislation and assesses its impact on the Group. This approach allows the Group to minimize potential losses from the investment climate in the Republic of Tajikistan.

The geographical concentration of assets and liabilities is set out below:

	Republic of Tajikistan	OECD countries	Other	December 31, 2024
FINANCIAL ASSETS:				
Cash and cash equivalents	137,177	-	-	137,177
Due from banks	58,018	4,365	20,518	82,901
Obligatory reserve in the National Bank of Tajikistan	18,712	-	-	18,712
Loans to customers	1,520,408	-	-	1,520,408
Islamic finance receivables	21,349	-	-	21,349
Other assets	37,638	18,634	7,207	63,479
TOTAL FINANCIAL ASSETS	1,793,302	22,999	27,725	1,844,026
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	10,310	-	-	10,310
Customer accounts	573,698	-	-	573,698
Borrowings	155,263	239,770	504,417	899,450
Subordinated loans	22,155	-	-	22,155
Financial liabilities at fair value through profit or loss	2,351	-	-	2,351
Lease liabilities	9,666	-	-	9,666
Other liabilities	51,006	290	177	51,473
TOTAL FINANCIAL LIABILITIES:	824,449	240,060	504,594	1,569,103
NET POSITION	968,852	(217,060)	(476,869)	274,923

	Republic of Tajikistan	OECD countries	Other	December 31, 2023
FINANCIAL ASSETS:				
Cash and cash equivalents	162,335	-	-	162,335
Due from banks	131,126	136	2,131	133,393
Obligatory reserve in the National Bank of Tajikistan	12,998	-	-	12,998
Financial assets at fair value through profit or loss	8	-	-	8
Loans to customers	1,149,560	-	-	1,149,560
Islamic finance receivables	15,620	-	-	15,620
Other assets	21,143	4,955	23,838	49,936
TOTAL FINANCIAL ASSETS	1,492,790	5,091	25,969	1,523,850
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	8,668	-	-	8,668
Customer accounts	384,153	-	-	384,153
Borrowings	125,992	705,195	-	831,187
Subordinated loans	-	33,175	-	33,175
Financial liabilities at fair value through profit or loss	-	3,924	-	3,924
Lease liabilities	12,278	-	-	12,278
Other liabilities	47,693	351	1,044	49,088
TOTAL FINANCIAL LIABILITIES:	578,784	742,645	1,044	1,322,473
NET POSITION	914,006	(737,554)	24,925	201,377

Liquidity risk

Liquidity risk is the risk of difficulties in obtaining funds for the payment of obligations upon the occurrence of the actual date of payment and to meet cash requirements in the process of lending to clients.

Management controls this risk by maturity analysis, determining the Group's strategy for the next fiscal period. Current liquidity is managed by the finance department, which supports the current level of liquidity sufficient to minimize liquidity risk.

The following table presents an analysis of balance sheet interest rate risk and liquidity risk:

	Weighted average rate	Less than 1 month	1 – 3 months	3 months - 1 year	1 year - 5 years	More than 5 years	Undefined	December 31, 2024
FINANCIAL ASSETS:								
Loans to customers	33%	97,690	150,744	643,785	621,602	9	6,577	1,520,408
Islamic finance receivables	20%	154	752	12,394	7,993	-	56	21,349
Total financial assets, interest bearing		97,844	150,744	656,179	629,595	9	6,634	1,541,757
Cash and cash equivalents		137,177	-	-	-	-	-	137,177
Due from banks		68,359	-	-	14,542	-	-	82,901
Obligatory reserve in the National Bank of Tajikistan		-	-	-	-	-	18,712	18,712
Other assets		57,325	-	-	4,920	-	1,234	63,479
TOTAL FINANCIAL ASSETS		360,705	151,496	659,179	649,057	251	26,580	1,844,026
FINANCIAL LIABILITIES:								
Customer accounts	7%	146,267	37,926	233,826	155,623	56	-	573,698
Borrowings	15%	41,781	123,081	281,440	19,893	433,254	-	899,450
Subordinated loans	11%	-	-	10,933	11,222			22,155
Financial liabilities at fair value through profit or loss		2,351						2,351
Lease liabilities	15%	583	1,202	5,922	1,959	-	-	9,666
		190,982	162,209	532,121	188,697	433,310	-	1,507,320
Due to banks and financial institutions		10,310	-	-	-	-	-	10,310
Other liabilities		28,676	14,540	8,257	-	-	-	51,473
TOTAL FINANCIAL LIABILITIES:		229,968	176,749	540,378	188,697	433,310	-	1,569,103
Difference between financial assets and liabilities		130,737	(25,253)	115,801	460,360	(433,301)	26,580	274,924
Difference between interest bearing financial assets and liabilities		(93,138)	(10,713)	124,058	440,898	(433,301)	6,634	34,438

	Weighted average rate	Less than 1 month	1 – 3 months	3 months - 1 year	1 year - 5 years	More than 5 years	Undefined	December 31, 2023
FINANCIAL ASSETS:								
Loans to customers	33%	92,473	135,777	500,142	416,934	7	4,229	1,149,560
Islamic finance receivables	20%	138	751	9,688	5,037	-	6	15,620
Total financial assets, interest bearing		92,611	136,528	509,830	421,971	7	4,235	1,165,180
Cash and cash equivalents		162,335	-	-	-	-	-	162,335
Due from banks		74,010	-	-	59,383	-	-	133,393
Obligatory reserve in the National Bank of Tajikistan		-	-	-	-	-	12,998	12,998
Financial assets at fair value through profit or loss		8	-	-	-	-	-	8
Other assets		44,861	-	-	5,051	-	24	49,936
TOTAL FINANCIAL ASSETS		373,825	136,528	509,830	486,405	7	17,257	1,523,850
FINANCIAL LIABILITIES:								
Customer accounts	7%	115,390	26,023	137,110	105,576	54	-	384,153
Borrowings	15%	41,781	123,081	281,440	19,893	433,254	-	899,450
Subordinated loans	11%	-	-	10,977	22,198	-	-	33,175
Financial liabilities at fair value through profit or loss		1,028	-	562	2,334	-	-	3,924
Lease liabilities	15%	-	-	5,439	6,839	-	-	12,278
		158,272	31,987	268,980	782,359	23,119	-	1,264,717
Due to banks and financial institutions		8,668	-	-	-	-	-	8,668
Other liabilities		41,657	-	-	7,080	351	-	49,088
TOTAL FINANCIAL LIABILITIES:		208,597	31,987	268,980	789,439	23,470	-	1,322,473
Difference between financial assets and liabilities		165,228	104,541	240,850	(303,034)	(23,463)	17,257	201,377
Difference between interest bearing financial assets and liabilities		(65,661)	104,541	240,850	(360,388)	(23,112)	4,235	(99,537)

Periods of maturity of assets and liabilities and the ability to replace interest liabilities in acceptable costs (at the time of redemption) are the most important conditions in determining the liquidity of the Group and its sensitivity to fluctuations in interest rates and exchange rates.

A further analysis of the liquidity and interest rate risks is presented in the following tables in accordance with IFRS 7. The amounts disclosed in these tables do not correspond to the amounts recorded on the statement of financial position as the presentation below includes a maturity analysis for financial liabilities that indicates the total remaining contractual payments (including interest payments), which are not recognized in the statement of financial position under the effective interest rate method.

Undiscounted liabilities analysis

The table below presents distribution of Group's liabilities as at December 31, 2024 and December 31, 2023 for contractual undiscounted cash outflows:

	Weigh-ted average rate	Less than 1 month	1 – 3 months	3 months-1 year	1 year-5 years	over 5 years	December 31, 2024
FINANCIAL LIABILITIES:							
Customer accounts	9%	146,446	38,893	257,452	183,276	112	626,179
Borrowings	14%	62,005	40,651	310,673	629,862	26,834	1,070,025
Subordinated loans	11%	-	-	12,188	24,205	-	36,393
Lease liabilities		717	1,435	6,618	2,197	-	10,967

	Weigh-ted average rate	Less than 1 month	1 – 3 months	3 months-1 year	1 year-5 years	over 5 years	December 31, 2023
FINANCIAL LIABILITIES:							
Customer accounts	7%	95,018	26,357	151,632	123,683	114	396,804
Borrowings	15%	45,385	6,821	131,544	731,351	24,008	939,109
Subordinated loans	11%	-	-	12,215	24,249	-	36,464
Lease liabilities	15%	-	-	5,439	6,839	-	12,278

Market risk

Market risk includes risk of changes in interest rates, currency risk and other price risks faced by the Group. In 2024 there was no change in the composition of these risks and methods for assessing and managing risks in the Group.

In case of attracting funds with a floating interest rate, the risks will be managed by the Group by maintaining the necessary ratio between loans at a fixed and floating rate.

Interest rate sensitivity

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

Currency risk

Currency risk is the risk that the value of a financial instrument due to changes in exchange rates. Financial position and cash flows of the Group are exposed to impact of fluctuations in foreign currency exchange rates. Management exercises currency risk management by determining open currency position on the basis of the alleged impairment of Tajik somoni, and other macroeconomic indicators, which enables the Group to minimize losses from significant fluctuations in national and foreign currency.

Information about the level of foreign currency exchange rate risk of the Group is set out below:

	TJS	USD	EUR	RUB	Other	December 31, 2024
FINANCIAL ASSETS:						
Cash and cash equivalents	81,207	30,359	13,979	11,632	-	137,177
Due from banks	986	21,313	40,464	19,791	347	82,901
Obligatory reserve in the National Bank of Tajikistan	12,384	3,653	176	2,499	-	18,712
Loans to customers	1,512,392	4,232	-	3,784	-	1,520,408
Islamic finance receivables	21,349	-	-	-	-	21,349
Other assets	25,798	22,758	20	14,903	-	63,479
TOTAL FINANCIAL ASSETS	1,654,116	82,315	54,639	52,609	347	1,844,026
FINANCIAL LIABILITIES:						
Due to banks and financial institutions	8,072	1,417	736	85	-	10,310
Customer accounts	490,977	49,154	3,173	30,394	-	573,698
Borrowings	754,846	63,783	80,821	-	-	899,450
Subordinated loans	22,155					22,155
Lease liabilities	9,666					9,666
Other liabilities	48,073	2,848	16	447	89	51,473
TOTAL FINANCIAL LIABILITIES:	1,333,789	117,202	84,746	30,926	89	1,566,752
OPEN CURRENCY POSITION	320,328	(34,887)	(30,107)	21,683	258	277,274
The effect of derivatives	5,473	36,115	(113)	(43,825)	-	(2,351)
NET POSITION	325,800	1,228	(30,221)	(22,142)	258	274,923

The Group does not have a negative foreign exchange position in US dollars and Euros according to the requirements of its regulator - the National Bank of Tajikistan, since according to the requirements of the National Bank of Tajikistan, the allowance for expected credit losses on financial assets denominated in foreign currency is created in somoni, and not in their original currency as stated in above.

	TJS	USD	EUR	RUB	Other	December 31, 2023
FINANCIAL ASSETS:						
Cash and cash equivalents	133,230	20,137	3,167	5,801	-	162,335
Due from banks	22,642	13,800	94,687	1,968	296	133,393
Obligatory reserve in the National Bank of Tajikistan	7,343	1,616	64	3,975	-	12,998
Loans to customers	1,142,156	3,394	-	4,010	-	1,149,560
Islamic finance receivables	15,620	-	-	-	-	15,620
Other assets	20,935	6,882	4	22,115	-	49,936
TOTAL FINANCIAL ASSETS	1,341,926	45,829	97,922	37,869	296	1,523,842
FINANCIAL LIABILITIES:						
Due to banks and financial institutions	7,923	491	121	133	-	8,668
Customer accounts	312,523	24,058	3,232	44,340	-	384,153
Borrowings	680,549	65,275	85,363	-	-	831,187
Subordinated loans	-	33,175	-	-	-	33,175
Lease liabilities	12,278	-	-	-	-	12,278
Other liabilities	45,073	2,848	14	1,108	45	49,088
TOTAL FINANCIAL LIABILITIES:	1,058,346	125,847	88,730	45,581	45	1,318,549
OPEN CURRENCY POSITION	283,580	(80,018)	9,192	(7,712)	251	205,293
The effect of derivatives	(98,619)	82,702	(7,264)	19,265	-	(3,916)
NET POSITION	184,961	2,684	1,928	11,553	251	201,377

Currency rate sensitivity

The table below represents sensitivity analysis of the Group to 10% increase and decrease in currency rate to somoni in 2024 and 2023. Based on the current economic environment in the Republic of Tajikistan management of the Group believes that 10% increase of USD to TJS exchange rate is a realistic change. 10% - a level of sensitivity, which is used internally by Groups when reporting foreign currency risk internally to key management personnel of the Group and is an estimate by the Management of the Group. Sensitivity analysis include only amounts in foreign currency as at period end, for which rates are used changed by 10% compared to current ones during conversion.

Impact on net income, based on the nominal value of the asset as at December 31, 2024 and December 31, 2023 is represented below:

	2024		2023	
	Official exchange rate, +10%	Official exchange rate, -10%	Official exchange rate, +10%	Official exchange rate, -10%
USD	123	(123)	268	(268)
Euro	(3,022)	3,022	193	(193)
Ruble	(2,214)	2,214	1,155	(1,155)

Limitations of sensitivity analysis

The above tables demonstrate the effect of changes based on the main clause while other assumptions remain unchanged. In fact, there is a connection between the assumptions and other factors. It should also be noted that the sensitivity has nonlinear character so should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into account that the Group actively manages the assets and liabilities. In addition, the Group's financial position may be subject to change depending on changes in the market. For example, the strategy of the Group's financial risk management aims to manage exposure to market fluctuations. In the case of sudden adverse price fluctuations in the securities market leadership can refer to such methods as selling investments, changing investment portfolio, as well as other methods of protection.

Consequently, changes in assumptions may not have influence on the commitment and significant impact on the assets recorded on the balance sheet at market price. In this situation, different methods of valuation of assets and liabilities may lead to volatility in equity.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements with a view to the disclosure of potential risks, which represent only the Group's forecast of the upcoming changes in the market that cannot be predicted with any certainty.

Accounting classification and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at December 31, 2024:

	Valued at amortized cost	Valued at fair value through profit and loss	Valued at fair value through OCI	Total carrying amount	Fair value
Cash and cash equivalents	137,177	-	-	137,177	137,177
Due from banks	82,901	-	-	82,901	82,901
Obligatory reserve in the National Bank of Tajikistan	18,712	-	-	18,712	18,712
Loans to customers	1,520,408	-	-	1,520,408	1,520,408
Islamic finance receivables	21,349	-	-	21,349	21,349
Other assets	63,479	-	-	63,479	63,479
	1,844,026	-	-	1,844,026	1,844,026
Due to banks and financial institutions	8,668	-	-	8,668	8,668
Customer accounts	384,153	-	-	384,153	384,153
Borrowings	831,187	-	-	831,187	831,187
Subordinated loans	33,175	-	-	33,175	33,175
Financial liabilities at fair value through profit or loss	-	2,351	-	2,351	2,351
Lease liabilities	12,278	-	-	12,278	12,278
Other liabilities	51,473	-	-	51,473	51,473
	1,320,934	2,351	-	1,323,285	1,323,285

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at December 31, 2023:

	Valued at amortized cost	Valued at fair value through profit and loss	Valued at fair value through OCI	Total carrying amount	Fair value
Cash and cash equivalents	162,335	-	-	162,335	162,335
Due from banks	133,393	-	-	133,393	133,393
Obligatory reserve in the National Bank of Tajikistan	12,998	-	-	12,998	12,998
Financial assets at fair value through profit or loss	-	8	-	8	8
Loans to customers	1,149,560	-	-	1,149,560	1,149,560
Islamic finance receivables	15,620	-	-	15,620	15,620
Other assets	49,936	-	-	49,936	49,936
	1,523,842	8	-	1,523,850	1,523,850
Due to banks and financial institutions	8,668	-	-	8,668	8,668
Customer accounts	384,153	-	-	384,153	384,153
Borrowings	831,187	-	-	831,187	831,187
Subordinated loans	33,175	-	-	33,175	33,175
Financial liabilities at fair value through profit or loss	-	3,924	-	3,924	3,924
Lease liabilities	12,278	-	-	12,278	12,278
Other liabilities	49,088	-	-	49,088	49,088
	1,318,549	3,924	-	1,322,473	1,322,473

Fair value of financial instruments

Fair value is defined as the value at which a financial instrument can be acquired in a transaction between well-informed, willing to make such a transaction parties, independent from each other except cases of forced or liquidation sale. The presented estimates may not reflect the amounts that the Group could receive if there was an actual sale of a package of certain financial instruments.

The carrying amount of cash is approximately equal to the fair value due to the short-term nature of such financial instruments.

IFRS 13 defines fair value as the amount that would be received after selling an asset or paid after transferring a liability in an orderly transaction on the main (or most advantageous) market at the measurement date under current market conditions. Since there are no markets for most of the Group's financial instruments, under the current economic conditions and specific risks that characterize the tool, a judgement should be applied to determine the fair value.

As at December 31, 2024 and December 31, 2023, the following methods and assumptions were used by the Group to assess the fair value of financial instruments for which it was practical to determine the value:

Cash and cash equivalents - current value of cash and cash equivalents corresponds to fair value.

Accounts receivable and other accounts receivable - current value approximates the fair value of these financial instruments, as the allowance for doubtful debts is valid estimation of the required discount to reflect the credit risk.

Accounts payable and other liabilities - current value approximates the fair value of these financial instruments due to the short-term nature of the instrument.

Long-term liabilities - current value approximates fair value as the interest rate of long-term debt approximates market rate, with reference to loans with similar credit risk and maturity at the reporting date.

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Group classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

Level 1	Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date; or
Level 2	Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
Level 3	Unobservable inputs for the assets or liabilities, requiring the Group to make market-based assumptions.

Level 1 classifications primarily include financial assets and financial liabilities that are exchange traded, whereas Level 2 classifications primarily include financial assets and financial liabilities which derive their fair value primarily from exchange quotes and readily observable quotes. Level 3 classifications primarily include financial assets and financial liabilities which derive their fair value predominately from models that use applicable market based estimates surrounding location, quality and credit differentials. In circumstances where the Group cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

It is the Group’s policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency or bankruptcy by the counterparty.

The following tables show the fair values of financial assets and financial liabilities as at December 31, 2024 and December 31, 2023. Other assets and liabilities which are measured at fair value on a recurring basis are cash and cash equivalents. There are no nonrecurring fair value measurements.

	Level 1	**Level 2**	**Level 3**	**December 31, 2024**
Cash and cash equivalents	137,177	-	-	137,177
Due from banks	82,901	-	-	82,901
Obligatory reserve in the National Bank of Tajikistan	18,712	-	-	18,712
Loans to customers	-	1,520,408	-	1,520,408
Islamic finance receivables	-	21,349	-	21,349
Other assets	-	-	63,479	63,479
	238,790	1,541,757	63,479	1,844,026

	Level 1	Level 2	Level 3	December 31, 2024
Due to banks and financial institutions	10,310	-	-	10,310
Customer accounts	-	573,698	-	573,698
Borrowings	-	899,450	-	899,450
Subordinated loans	-	22,155	-	22,155
Financial liabilities at fair value through profit or loss	-	2,351	-	2,351
Lease liabilities	-	9,666	-	9,666
Other liabilities	-	-	51,473	51,473
	10,310	1,507,320	51,473	1,569,103

	Level 1	Level 2	Level 3	December 31, 2023
Cash and cash equivalents	162,335	-	-	162,335
Due from banks	133,393	-	-	133,393
Obligatory reserve in the National Bank of Tajikistan	12,998	-	-	12,998
Financial assets at fair value through profit or loss	-	8	-	8
Loans to customers	-	1,149,560	-	1,149,560
Islamic finance receivables	-	15,620	-	15,620
Other assets	-	-	49,936	49,936
	308,726	1,165,188	49,936	1,523,850
Due to banks and financial institutions	8,668	-	-	8,668
Customer accounts	-	384,153	-	384,153
Borrowings	-	831,187	-	831,187
Subordinated loans	-	33,175	-	33,175
Financial liabilities at fair value through profit or loss	-	3,924	-	3,924
Lease liabilities	-	12,278	-	12,278
Other liabilities	-	-	49,088	49,088
	8,668	1,264,717	49,088	1,322,473

37. SEGMENT REPORTING

The Group's activities apply only to commercial lending and are concentrated in the Republic of Tajikistan.

38. EVENTS AFTER THE REPORTING DATE

As of the date of the Group's consolidated financial statements, no significant events or transactions, which must be disclosed in accordance with IAS 10 “Events after the Reporting Period”, have occurred.