

Joint stock company "Smart bank"



**Financial Statements and
Independent Auditor's Report**
For the year ended 31 December 2024

Joint stock company "Smart bank"

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Independent Auditor's Report

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The notes on pages 6-26 form an integral part of these financial statements



Independent Auditor's Report

To the Shareholders and Supervisory Board of Joint stock company "Smart bank":

Report on the audit of the financial statements

Our opinion

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

What we have audited

The Bank's financial statements comprise:

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

Basis for opinion

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

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

Independence

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



Suhrab Azimov
General Director / Certified Auditor

Audit Organization "PricewaterhouseCoopers" LLC
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Responsibilities of management and those charged with governance for the financial statements

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

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

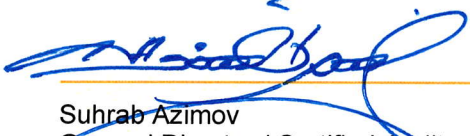
Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

A blue ink signature is written over the name and title. The signature is stylized and cursive.

Suhrah Azimov
General Director / Certified Auditor

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

Report on other legal and regulatory requirements

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

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

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

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

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

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

Our findings from the procedures performed are reported below.

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

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

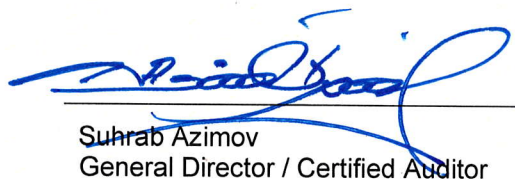
- As at 31 December 2024, the Bank's internal audit function was subordinated to, and reported to, the Supervisory Board, and the risk management function was not subordinated to, and did not report to, divisions taking relevant risks in accordance with the regulations and recommendations issued by the Central Bank of the Republic of Uzbekistan.
- The frequency of reports prepared by the Bank's internal audit function during 202[X] was in compliance with the requirements of the Central Bank of the Republic of Uzbekistan. The reports were approved by the Bank's Supervisory Board and included observations made by the Bank's internal audit function in respect of internal control systems.
- As at 31 December 2024 the Bank has the established Information security function as required by the Central Bank of the Republic of Uzbekistan, and the information security policy was approved by the Bank's management board. Information security function was subordinated to, and reported directly to, the Chairman of the management board.



Suhrab Azimov
General Director / Certified Auditor

- Reports by the Bank's Information security function to the Chairman of the management board during 2024 included assessment and analysis of information security risks, and results of actions to manage such risks.
- the Bank's internal documentation, effective on 31 December 2024, establishing the procedures and methodologies for identifying and managing the Bank's significant risks: external-internal fraud risk, process management risk, business disruptions and system failures/IT risk, and for stress-testing, was approved by the authorised management bodies of the Bank in accordance with the regulations and recommendations issued by the Central Bank of the Republic of Uzbekistan.
- As at 31 December 2024, the Bank maintained a system for reporting on the Bank's significant risks, and on the Bank capital.
- The frequency of reports prepared by the Bank's risk management and internal audit functions during 2024, which cover the Bank's significant risks management, was in compliance with the Bank's internal documentation. The reports included observations made by the Bank's risk management and internal audit functions as to their assessment of the Bank's significant risks, risk management system and recommendations for improvement.
- As at 31 December 2024, the Supervisory Board and Executive Management of the Bank had responsibility for monitoring the Bank's compliance with the risk limits and capital adequacy ratios established in the Bank's internal documentation. In order to monitor the effectiveness of the Bank's risk management procedures and their consistent application during 2024, the Supervisory Board and Executive Management of the Bank periodically discussed the reports prepared by the risk management and internal audit functions, and considered the proposed corrective actions.

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



Suhrob Azimov
General Director / Certified Auditor

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

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

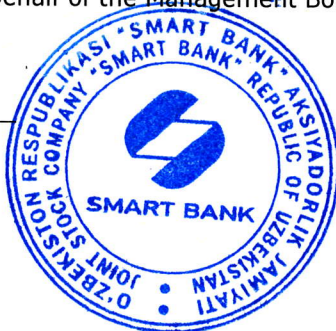
Audit Organization "PricewaterhouseCoopers" LLC
Audit Organization "PricewaterhouseCoopers" LLC
Tashkent, Uzbekistan
16 June 2025

Joint stock company "Smart bank" Statement of Financial Position
(in thousands of Uzbek soums)

	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	7	100,746,997	30,444,927
Due from other banks	8	471,408,684	188,580,012
Loans and advances to customers, including finance lease receivables	9	67,242,865	-
Right-of-use assets		4,171,291	-
Property, equipment and intangible assets		1,186,088	-
Other assets	10	5,315,487	291,686
Current income tax prepayment		1,015,379	-
TOTAL ASSETS		651,086,791	219,316,625
LIABILITIES			
Customer accounts	11	67,448,998	10,003,584
Other borrowed funds	12	62,212,111	-
Deferred income tax liabilities		1,131,321	675,061
Current income tax liabilities		-	714,059
Other liabilities	13	5,970,567	261,504
Lease liabilities	14	4,433,178	-
TOTAL LIABILITIES		141,196,175	11,654,208
EQUITY			
Share capital	15	500,000,000	200,000,000
Retained earnings		9,890,616	7,662,417
TOTAL EQUITY		509,890,616	207,662,417
TOTAL LIABILITY AND EQUITY		651,086,791	219,316,625

Approved for issue and signed on behalf of the Management Board on 16 June 2025.

Egamov I.B.
Deputy Chairman



Utamurotov O.T.
Chief Accountant

The notes on pages 6-26 form an integral part of these financial statements

Joint Stock Bank "Smartbank" Statement of Profit or Loss
(in thousands of Uzbek soums)

	Notes	2024	2023
Fee and commission income	16	3,986,137	123,386
Fee and commission expense	16	(17,127,206)	(259,249)
Gains less losses from 'due from other banks' at fair value through profit or loss	17	57,236,400	16,043,717
Provision for expected credit losses on other financial assets and credit related commitments		(426,621)	(645)
Administrative and other operating expenses	18	(39,224,966)	(6,236,059)
Net gains from foreign currencies:			
- dealing transactions		409,050	-
Profit before tax		4,852,794	9,671,150
Income tax expense	19	(1,224,595)	(2,008,733)
Net profit for the year		3,628,199	7,662,417
Other comprehensive income for the year		-	-
Total comprehensive income for the year		3,628,199	7,662,417

Approved for issue and signed on behalf of the Management Board on 16 June 2025.

Egamov I.B.
Deputy Chairman



Utamurotov O.T.
Chief Accountant

Joint stock company "Smart bank" Statement of Changes in Equity
(in thousands of Uzbek soums)

	Notes	Share capital	Retained earnings	Total equity
1 January 2023		-	-	-
Net profit for the year		-	7,662,417	7,662,417
Other comprehensive income for the year		-	-	-
Total comprehensive income for 2023		-	7,662,417	7,662,417
Shares issued	11	200,000,000	-	200,000,000
Dividends declared - preferential shares		-	-	-
31 December 2023		200,000,000	7,662,417	207,662,417
Net profit for the year		-	3,628,199	3,628,199
Other comprehensive income for the year		-	-	-
Total comprehensive income for 2024		-	3,628,199	3,628,199
Shares issued	11	300,000,000	-	300,000,000
Dividends paid		-	(1,400,000)	(1,400,000)
31 December 2024		500,000,000	9,890,616	509,890,616

Approved for issue and signed on behalf of the Management Board on 16 June 2025.

Egamov I.B.
Deputy Chairman



Utamurotov O.T.
Chief Accountant

Joint stock company "Smart bank" Statement of Cash flow
(in thousands of Uzbek soums)

	Notes	31 December 2024	31 December 2023
Cash flows from operating activities			
Fee and commission received		3,986,137	123,386
Fee and commission paid		(17,049,989)	(182,032)
Other income received		53,239,277	11,637,542
Staff costs paid		(30,709,742)	(4,492,526)
Administrative and other operating expenses paid		(3,381,611)	(1,447,204)
Income tax paid		(3,410,293)	(619,613)
Cash flows from operating activities before changes in operating assets and liabilities		2,673,779	5,019,553
Net (increase) / decrease in:			
- due from other banks		(278,422,503)	(184,173,843)
- loans and advances to customers, including finance lease receivables		(67,242,865)	-
- other assets		(6,947,871)	(301,588)
Net increase / (decrease) in:			
- customer accounts		57,445,414	10,003,584
- other liabilities		4,803,554	(102,138)
Net cash used in operating activities		(287,690,492)	(169,554,432)
Cash flows from investing activities			
Acquisition of premises, equipment and intangible assets		(1,186,088)	-
Net cash used in investing activities		(1,186,088)	-
Cash flows from financing activities			
Issue of share capital		300,000,000	200,000,000
Proceeds from other borrowed funds	14	64,839,852	-
Repayment of other borrowed funds	14	(2,894,636)	-
Dividends paid		(1,400,000)	-
Repayment of lease liabilities	14	(1,080,128)	-
Net cash from financing activities		359,465,088	200,000,000
Effect of exchange rate changes on cash and cash equivalents		(285,797)	-
Effect of expected credit loss		(641)	(641)
Net increase in cash and cash equivalents		70,302,070	30,444,927
Cash and cash equivalents at the beginning of the year		30,444,927	-
Cash and cash equivalents at the end of the year		100,746,997	30,444,927

Approved for issue and signed on behalf of the Management Board on 16 June 2025.

Egamov I.B.
Deputy Chairman



Utamurotov O.T.
Chief Accountant

The notes on pages 6-26 form an integral part of these financial statements

Joint stock company "Smart bank" Notes to the Financial Statements

(in thousands of Uzbek soums)

1. Introduction

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards") for the year ended 31 December 2024 for JSC Smart Bank (the "Bank").

The Bank is a Joint Stock Company set up in accordance with Uzbekistan legislation.

The Bank was established in 2022 under the laws of the Republic of Uzbekistan and has operated under the banking license № 89 issued by the Central Bank of Uzbekistan ("CBU") on 24 December 2022.

As of 31 December 2024, the Bank's parent company was "Leader Finance" Limited Liability Company (LLC), and the Bank was ultimately controlled by the Government of Uzbekistan.

On 27 December 2024, the bank issued an additional 350,000,000 ordinary shares to 'Leader Finance' LLC, which holds 70% of the total ordinary shares, and 150,000,000 ordinary shares to three other shareholders, collectively holding 30% of the total ordinary shares.

Principal activity. The Bank's principal activities are commercial banking, retail banking, operations with securities, foreign currencies. The Bank accepts deposits from legal entities and individuals, transfers payments within Uzbekistan and abroad.

The Bank participates in the state deposit insurance scheme introduced by the Uzbek Law №360-II "Insurance of Individual Bank Deposit" dated 5 April 2002. On 28 November 2008, the President of the Republic of Uzbekistan issued Decree No. UP-4057, according to which in case of the withdrawal of a license of a bank, the State Deposit Insurance Fund guarantees repayment of 100% of individual deposits regardless of the deposit amount.

Registered address and place of business. The Bank's registered address is: 2a, B.Zokirov Street, Tashkent, Uzbekistan.

Presentation currency. These financial statements are presented in Uzbek Soums ("UZS"), unless otherwise stated.

Abbreviations. A glossary of various abbreviations used in this document is included in Note 26.

2. Operating environment

Emerging markets such as Uzbekistan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Uzbekistan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations.

The future economic direction of Uzbekistan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the regulatory, and political environment.

For the year ended 31 December 2024, Uzbekistan's gross domestic product ("GDP") grew by 6,5% (2023: 6,0%). In 2024, inflation amounted to 9,8% (in 2023, inflation was 8,8% per annum).

In July 2024, the Central Bank of the Republic of Uzbekistan decreased the base rate to 13,5% per annum ensuring that relatively tight monetary conditions are maintained in the downward dynamics of the inflation forecast. In addition, interventions on the currency market were performed to support the Uzbekistan Soum exchange rate against foreign currencies. However, there is uncertainty related to the future developments of geopolitical risks and their impact on the economy of the Republic of Uzbekistan.

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

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

Joint stock company "Smart bank" Notes to the Financial Statements
(in thousands of Uzbek soums)

3. Material accounting policy information

Statement of compliance. These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards").

Going concern. These financial statements have been prepared on the assumption that the Bank is a going concern and will continue in operation for the foreseeable future.

Basis of preparation. The material accounting policy information applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (Note 6).

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

These financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the material accounting policy information below.

Fees and commission. Fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognized as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognized on a straight-line basis over the commitment period.

Other operating income. Other operating income - including non-interest bearing income from other banks together with profit sharing agreement income from other banks

This policy applies to all amounts due from other banks under profit share agreements within the organization.

Initial Recognition. Amounts due from other banks under profit share agreements shall be recognized when the entity becomes a party to the contractual provisions of the financial instrument. These amounts shall be measured initially at fair value.

Subsequent Measurement. After initial recognition, amounts due from other banks under profit share agreements shall be measured at fair value through profit or loss (FVTPL).

Fair value is determined using market data and appropriate valuation techniques as at the reporting date. Any changes in the fair value of amounts due from other banks under profit share agreements shall be recognized in profit or loss.

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

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Bank commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

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

Financial assets impairment – credit loss allowance for ECL. The Bank assesses,

When determining the international credit rating to assess the probability of default for a bank that has been assigned an international credit rating, the Bank adheres to the following rules:

Joint stock company "Smart bank" Notes to the Financial Statements
(in thousands of Uzbek soums)

1) In the presence of:

- Two different international credit ratings of the debtor bank - the rating of the rating agency that is lower is considered;
- Three different international credit ratings of the debtor bank - the rating of the rating agency that is the lowest among the two highest is considered.

2) If a debtor bank, which has not been assigned international credit ratings, is a branch/subsidiary of the main bank of a banking group that has been assigned international credit ratings, then the rating of such a debtor bank is determined based on the values of:

- The ratings of the country where the debtor bank is located;
- The international credit ratings of the main bank of the banking group to which the debtor bank belongs.

The rating of the debtor bank is determined as follows:

- The rating of the country of the debtor bank is determined - from two different ratings of the country of the debtor bank, the rating of the rating agency that is lower is considered; from three different ratings of the country of the debtor bank, the rating of the rating agency that is the lowest among the two highest is considered;

- The lower value is selected from the two possible values: either the rating of the country of the debtor bank or the international credit rating assigned by the respective rating agency to the group (main bank) of the debtor bank, based on the principle that the determined rating of the debtor bank cannot exceed the value of the international rating of the country of its location and simultaneously the international credit rating assigned to the group (main bank of the group) to which the debtor bank belongs.

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

Financial liabilities – classification, subsequent assessment and profit and loss. Financial liabilities are classified as measured at amortized cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign currency gains and losses are recognized in profit or loss. Any gain or loss arising on derecognition is also recognized in profit or loss.

Cash and cash equivalents. Cash and cash equivalents consist of cash on hand, amounts due from the CBU (excluding obligatory reserves) and amounts due from credit institutions that mature within 90 days of the date of origination and are free from contractual encumbrances.

Investment securities. Investment securities includes debt securities measured at fair value, with fair value changes recognized immediately in profit or loss.

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

Share capital. Ordinary shares and non-redeemable preference shares with discretionary dividend rights are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are recorded as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognized share premium.

Financial Guarantees. The Bank issues financial guarantee contracts as part of Murabaha-based financing arrangements, whereby it unconditionally and irrevocably guarantees the payment obligations of third-party counterparties (the "companies") to the International Islamic Trade Finance Corporation (ITFC), under a Line of Trade Financing Agreement.

Financial guarantees are initially recognized at fair value. Subsequent to initial recognition, financial guarantees are measured at the higher of:

- The amount of the loss allowance determined in accordance with the expected credit loss (ECL) model, and
- The amount initially recognized less, where appropriate, cumulative amortisation recognized.

The financial guarantee liability is derecognized when the guarantee expires or is discharged, cancelled,

Joint Stock Bank "Smartbank" Notes to the Financial Statements
(in thousands of Uzbek soums)

or fulfilled.

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

Taxation. The current income tax charge is calculated in accordance with the regulations of the Republic of Uzbekistan and the cities in which the Bank has offices, branches and subsidiaries.

Deferred tax assets and liabilities are calculated in respect of all temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognized on temporary differences arising on investments in subsidiaries, associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Bank's accounting policies, the Bank management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Recognition of Murabaha arrangements – financial assets and liabilities

The Bank is a party to trade finance arrangements under Murabaha structures facilitated by the International Islamic Trade Finance Corporation (ITFC), under which it acts as both a Line Bank and an unconditional guarantor. Management has exercised significant judgement in determining the appropriate accounting treatment of these arrangements under IFRS 9 Financial Instruments.

The Bank enters into back-to-back Murabaha agreements with end-beneficiaries and simultaneously **provides an irrevocable and unconditional guarantee** to ITFC for the obligations of those beneficiaries.

While the legal structure may suggest a pass-through/agency role, management has concluded that the substance of the arrangement confers:

- A contractual right to receive cash flows from the end-beneficiaries; and
- An obligation to settle with ITFC, whether or not the end-beneficiary defaults.

Accordingly, the Bank recognizes:

- A financial asset for the receivables from end-beneficiaries; and
- A financial liability to ITFC for the corresponding obligations.

This judgement is based on the economic substance of the back-to-back arrangements and reflects the Bank's credit exposure, rather than a pure financial guarantee relationship.

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Determination of fair value of the assets with non-market terms. Loans issued by the Bank in accordance with the instructions of the authorities do not have similar financial instruments in the market, have been granted under government programs and due to their uniqueness and the specifics of the government lending program and category of borrowers, form a separate market segment.

5. Application of new and revised standards

The following amendments became effective from 1 January 2024:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendment of the standard did not have a material impact on this financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). The amendment of the standard did not have a material impact on this financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024). The amendment of the standard did not have a material impact on this financial statements.

The application of the amendments had no significant impact on the Bank financial statements.

6. New accounting pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Bank has not early adopted.

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). The Bank is expecting no material impact on its financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). The Bank is expecting no material impact on its on its financial statements.

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

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

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

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

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

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Bank's financial statements.

Joint Stock Bank "Smartbank" Notes to the Financial Statements
(in thousands of Uzbek soums)

7. Cash and cash equivalents

	31 December 2024	31 December 2023
Cash balances with the CBU	62,424,850	30,442,303
Correspondent accounts and overnight placements with other banks	38,324,275	3,265
Less: ECL provision	(2,128)	(641)
Total cash and cash equivalents	100,746,997	30,444,927

The credit quality of cash and cash equivalents, excluding cash on hand and ECL provision balances is summarized as follows as at 31 December 2024:

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Total
- Ba3 (Moody's)	62,424,850	38,324,275	100,749,125
Less: ECL provision	(2,128)	-	(2,128)
Total cash and cash equivalents, net	62,422,722	38,324,275	100,746,997

The credit quality of cash and cash equivalents, excluding cash on hand and ECL provision balances is summarized as follows as at 31 December 2023:

	Cash balances with the CBU	Correspondent accounts and overnight placements with other banks	Total
- Ba3 (Moody's)	30,442,303	3,265	30,445,568
Less: ECL provision	(641)	-	(641)
Total cash and cash equivalents, net	30,441,662	3,265	30,444,927

Due to absence of credit rating of CBU, the Bank used sovereign rating. As at 31 December 2024 and 2023, for the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1.

Joint stock company "Smart bank" Notes to the Financial Statements
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8. Due from other banks

	31 December 2024	31 December 2023
Due from other banks balances measured at FVPL	471,413,106	188,406,173
Mandatory reserve with CBU	-	173,843
Less: ECL provision	(4,422)	(4)
Total due from other banks	471,408,684	188,580,012

Profit sharing agreements (overnight and 1 year deposits) are presented as 'Due from other banks' at fair value through profit or loss - DFB at FVPL". In DFB at FVPL include overnight and 1 year deposits amount , Payable profit amount as of 31 December 2024 to Smartbank and calculated Fair value gain.

The credit quality of amounts due from other banks as at 31 December 2023:

	Mandatory reserve with CBU	Total
- Ba3 (Moody's)	173,843	173,843
Less: ECL provision	(4)	(4)
Total due from other banks, gross	173,839	173,839

Amounts due from other banks are not collateralised. Refer to Note 23 for the estimated fair value of due from other banks. Information on related party balances is disclosed in Note 24.

9. Loans and advances to customers, including finance lease receivables

	31 December 2024	31 December 2023
Corporate loans (under Murabaha agreement)	62,205,138	-
Finance lease to individuals (BNPL)	5,458,441	-
Total loans and advances to customers, gross	67,663,579	-
Less: Allowance for expected credit losses	(420,714)	-
Total loans and advances to customers	67,242,865	-

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

The effect of collateral as at 31 December 2024:

	Over-collateralised Assets		Under-collateralised Assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Corporate loans (under Murabaha agreement)	62,205,138	74,646,166	-	-
Finance lease to individuals	-	-	5,458,441	-

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

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	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
Corporate loans (under Murabaha greement)				
- Excellent	62,205,138	-	-	62,205,138
- Good	-	-	-	-
- Satisfactory	-	-	-	-
- Special monitoring	-	-	-	-
- Default	-	-	-	-
Gross carrying amount	62,205,138	-	-	62,205,138
Credit loss allowance	(261,107)	-	-	(261,107)
Carrying amount	61,944,031	-	-	61,944,031
Finance lease to individuals				
- Excellent	5,066,022	-	-	5,066,022
- Good	392,419	-	-	392,419
- Satisfactory	-	-	-	-
- Special monitoring	-	-	-	-
- Default	-	-	-	-
Gross carrying amount	5,458,441	-	-	5,458,441
Credit loss allowance	(159,607)	-	-	(159,607)
Carrying amount	5,298,834	-	-	5,298,834

The corporate loans under Murabaha agreements and finance lease receivables to individuals were launched in 2024. As of 31 December 2024, there were no significant increases (or decreases) of credit risk or becoming credit-impaired (no past-due assets), hence transfers between stages. Accordingly, all such exposures were classified under Stage 1 for the purpose of ECL measurement.

10. Other assets

	31 December 2024	31 December 2023
Other financial assets		
Receivable from money transfer organisations	3,391,417	-
Commission receivable	-	281,785
Total other financial assets	3,391,417	281,785
Other non-financial assets		
Prepayments for inventory and services	1,924,070	9,901
Total other non-financial assets	1,924,070	9,901
Total other assets	5,315,487	291,686

As at 31 December 2024 and 31 December 2023, for the purpose of ECL measurement, other financial assets are all included in Stage 1.

Joint stock company "Smart bank" Notes to the Financial Statements
(in thousands of Uzbek soums)

11. Customer accounts

	31 December 2024	31 December 2023
Corporate		
- Current/settlement accounts	16,976,740	-
- Term deposits	5	2
Individuals		
- Current/settlement accounts	50,472,250	10,003,574
- Term deposits	3	8
Total customer accounts	67,448,998	10,003,584

Refer to Note 23 for the disclosure of the fair value of customer accounts. Information on related party transactions is disclosed in Note 24.

12. Other borrowed funds

In 2024, the Bank entered into a Murabaha agreement with ITFC for a total amount of approximately USD 5 million.

As of 31 December 2024, and 2023 and throughout the years then ended, the Bank was in compliance with all covenants on the above Murabaha agreement.

The maturity analysis is disclosed in Note 23 Refer for disclosure of the fair value of other borrowed funds.

13. Other liabilities

	31 December 2024	31 December 2023
Other financial liabilities		
Payables to Suppliers	2,924,667	-
Other financial liabilities	939,305	102,229
Total other financial liabilities	3,863,972	102,229
Other non-financial liabilities		
Advances paid to Suppliers	1,846,640	-
Taxes other than income tax payable	259,955	159,275
Total other non-financial liabilities	2,106,595	159,275
Total other liabilities	5,970,567	261,504

Joint Stock Bank "Smartbank" Notes to the Financial Statements
(in thousands of Uzbek soums)

14. Reconciliation of liabilities arising from financing activities

The table below sets out movements in the Bank's liabilities from financing activities for the year ended 31 December 2024 presented. The items of these liabilities are those that are reported as financing activities in the statement of cash flows.

	Other borrowed funds	Lease liabilities	Total
Liabilities from financing activities at 1 January 2024	-	-	-
Proceeds	64,839,852	-	64,839,852
Disbursements	(2,894,636)	-	(2,894,636)
New lease liabilities recognized	-	5,214,114	5,214,114
Interest accrual	12,843	527,855	540,698
Interest paid	(12,843)	-	(12,843)
Repayment of lease liabilities	-	(1,080,128)	(1,080,128)
Other	-	(228,663)	(228,663)
Forex	266,895	-	266,895
Liabilities from financing activities at 31 December 2024	62,212,111	4,433,178	66,645,289

15. Share capital

	Number of outstanding shares (thousands)	Ordinary shares (UZS)	Share capital (UZS)	Total
As at 1 January 2023	-	-	-	-
Issue of new shares	200,000,000	200,000,000	200,000,000	200,000,000
As at 31 December 2023	200,000,000	200,000,000	200,000,000	200,000,000
Issue of new shares	300,000,000	300,000,000	300,000,000	300,000,000
As at 31 December 2024	500,000,000	500,000,000	500,000,000	500,000,000

As at 31 December 2024, the total authorized number of ordinary shares is 500,000,000 (31 December 2023: 200,000,000) with a per value of UZS 1,000 per share. All issued ordinary shares were fully paid.

16. Fee and commission income and expenses

	2024	2023
Fee and commission income		
Settlement transactions	3,083,855	3,578
Other	902,282	119,808
Total fee and commission income	3,986,137	123,386
Fee and commission expense		
Settlement transactions	(1,196,283)	(18,972)
Other	(15,930,923)	(240,277)
Total fee and commission expense	(17,127,206)	(259,249)

Joint stock company "Smart bank" Notes to the Financial Statements
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17. Gains less losses from 'due from other banks' at fair value through profit or loss

	2024	2023
Gains less losses from 'due from other banks' at fair value through profit or loss".	57,236,400	16,043,717
Total other operating income	57,236,400	16,043,717

Source of operating income came from due from other banks. Source of operating income for the year came from overnight placements with other banks amount of UZS 350 billion (2023: UZS 135 billion) and deposits UZS 59 billion (2023: UZS 49 billion). Revenue from the profit-sharing agreement is recognized in accordance with IFRS 9 and IFRS 13 principles, ensuring that the income is recognized when it is probable that economic benefits will flow to JSC Smartbank and the amount can be reliably measured.

Revenue is recognized based on the actual profits reported by another Bank, adhering to the agreed-upon 70% share. The profit-sharing income is measured based on reports and statements provided by another Bank, detailing the profits generated from the international money transfer operations.

18. Administrative and other operating expenses

	2024	2023
Staff costs	30,709,742	4,492,526
Security expenses	3,534,223	530,271
Postage, Telephone and fax expenses	1,674,413	148
Depreciation and amortisation	1,143,882	-
Membership fees	107,609	918,836
Consultancy fee	277,557	-
Legal and audit fees	628,500	-
Stationery and other low value items	457,654	-
Advertising expenses	54,482	-
Business trip expenses	102,983	254,944
Rent expenses	-	33,268
Other	533,921	6,066
Total administrative and other operating expenses	39,224,966	6,236,059

19. Income taxes

a. Components of income tax expense

Income tax expense comprises the following:

	2024	2023
Current tax charge	768,335	1,333,672
Deferred tax expense	456,260	675,061
Income tax expense for the year	1,224,595	2,008,733

Joint Stock Bank "Smartbank" Notes to the Financial Statements
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b. Reconciliation between tax expense and profit or loss multiplied by applicable tax rate

The Bank 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 31 December 2023 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets.

The Bank pays income tax on a basis as a single taxpayer at a rate of 20%.

Reconciliation between the expected and the actual taxation charge is provided below:

	2024	2023
Profit before tax	4,852,794	9,671,150
Theoretical tax charge at the applicable statutory rate - 20% (2023: 20%)	970,559	1,934,230
- Non deductible expenses	215,658	74,503
- Tax exempt income	-	-
- Other	38,379	0
Income tax expense for the year	1,224,595	2,008,733

c. deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Uzbekistan give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements on these temporary differences is detailed below and is recorded at the rate of 20%.

	31 December 2024	(Debited)/ credited to profit or loss	31 December 2023	(Debited)/ credited to profit or loss	31 December 2022
Tax effect of deductible/ (taxable) temporary differences					
Cash and cash equivalents	(935,574)	(567,702)	(367,872)	(367,872)	-
Due from other banks	(682,621)	(379,945)	(302,676)	(302,676)	-
Loans and advances to customers	31,921	31,921	-	-	-
Property, equipment	208,565	208,565	-	-	-
Other assets	(140,917)	(136,404)	(4,513)	(4,513)	-
Lease liabilities	(156,188)	(156,188)	-	-	-
Other Liabilities	543,493	543,493	-	-	-
Net deferred tax liability	(1,131,321)	(456,260)	(675,061)	(675,061)	-

Joint stock company "Smart bank" Notes to the Financial Statements
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20. Financial risk management

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

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of the Bank's internal credit rating system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Clients of the Bank are segmented into five rating classes. The Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

Bank's internal ratings scale:

Excellent	1	Timely repayment of "excellent" financial assets is not in doubt. The borrower is a financially stable company, which has an adequate capital level, high level profitability and sufficient cash flow to meet its all-existing obligations, including present debt. When assessing the reputation of the borrower such factors as the history of previous repayments, marketability of collateral (movable and immovable property guarantee) is taken into consideration.
Good	2	As a whole, the financial position of a borrower is stable, but some unfavorable circumstances or tendencies are present, which, if not disposed of, raise some doubts about the borrower's ability to repay on time. "Good" financial assets with insufficient information in the credit file or missing information on collateral could be also classified as "Substandard" financial assets.
Satisfactory	3	The primary source of repayment is not sufficient, and the Bank has to seek additional financial assets repayment sources. The financial position of a borrower or forecasted cash flows is not sufficient to settle obligations. The value of collateral is not exceeding or equal to outstanding financial assets amount.
Special monitoring	4	"Special monitoring" are financial assets which, in addition to having the characteristics of "Unsatisfactory" financial assets, have additional shortcomings, which make it doubtful that the financial assets will be repaid in full under the existing circumstances. There is a probability of partial repayment of the financial assets in the near terms.
Default	5	Financial assets classified as "Default" are considered uncollectible and have lower value that continuing to list them as assets is unwarranted. This classification does not mean that the financial assets have absolutely no likelihood of recovery, but rather means that the Bank should cease recognizing such financial assets and make every effort to liquidate such debts through selling of collateral or collection of the outstanding financial assets.

Risk limits control and mitigation policies. The Bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and Banks, and to industries. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or Banks of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by geographic regions are approved annually by the Bank's Council.

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

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

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

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

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

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

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

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

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

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

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

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grade financial assets. Hence, even assets of an investment grade are assessed whether there has been a SICR.

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

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

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

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

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

	UZS	USD	Total
Financial assets			
Cash and cash equivalents	100,746,997	-	100,746,997
Due from other banks	471,408,684	-	471,408,684
Other financial assets	5,315,487	-	5,315,487
Loans and advances to customers, including finance lease receivables	5,298,834	61,944,031	67,242,865
Total financial assets	582,770,002	61,944,031	644,714,033
Financial liabilities			
Customer accounts	67,448,998	-	67,448,998
Other borrowed funds	-	62,212,111	62,212,111
Lease liabilities	4,433,178	-	4,433,178
Other financial liabilities	3,863,972	-	3,863,972
Total financial liabilities	75,746,148	62,212,111	137,958,259
Net Balance sheet position	507,023,854	(268,080)	506,755,774

The table below summarizes the Bank's exposure to foreign currency exchange rate risk at the end of the year 2023:

	UZS	USD	Total
Financial assets			
Cash and cash equivalents	30,444,927	-	30,444,927
Due from other banks	188,580,012	-	188,580,012
Other financial assets	281,785	-	281,785
Total financial assets	219,306,724	-	219,306,724
Financial liabilities			
Customer accounts	10,003,584	-	10,003,584
Other financial liabilities	102,229	-	102,229
Total financial liabilities	10,105,813	-	10,105,813

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Net Balance sheet position	209,200,911	- 209,200,911
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The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Bank, with all other variables held constant:

	As at 31 December 2024 Impact on profit or loss	As at 31 December 2023 Impact on profit or loss
US Dollars strengthening by 20% (31 December 2023: 20%)	(53,616)	-
US Dollars weakening by 20% (31 December 2023: 20%)	53,616	-

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

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	100,746,997	-	-	100,746,997
Due from other banks	471,408,684	-	-	471,408,684
Other financial assets	3,391,417	-	-	3,391,417
Loans and advances	67,242,865	-	-	67,242,865
Total financial assets	642,789,963	-	-	642,789,963
Financial liabilities				
Customer accounts	67,448,998	-	-	67,448,998
Lease liabilities	4,433,178	-	-	4,433,178
Other borrowed funds	-	-	62,212,111	62,212,111
Other financial liabilities	3,863,972	-	-	3,863,972
Total financial liabilities	75,746,148	-	62,212,111	137,958,259
Net balance sheet position as at 31 December 2024	567,043,815	-	(62,212,111)	504,831,704

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

	Uzbekistan	OECD	Other	Total
Financial assets				
Cash and cash equivalents	30,444,927	-	-	30,444,927
Due from other banks	188,580,012	-	-	188,580,012
Other financial assets	281,785	-	-	281,785
Total financial assets	219,306,724	-	-	219,306,724
Financial liabilities				
Customer accounts	10,003,584	-	-	10,003,584
Other financial liabilities	102,229	-	-	102,229
Total financial liabilities	10,105,813	-	-	10,105,813
Net balance sheet position as at 31 December 2023	209,200,910	-	-	209,200,910

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

The Bank seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and debt securities. The Bank invests the funds in inter-bank placements of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Bank requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Bank calculates liquidity ratios on a monthly basis in accordance with the requirement of the Central Bank of Uzbekistan. These ratios are calculated using figures based on National Accounting Standards

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

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities.

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

The Bank monitors liquidity based on expected maturities of financial assets and liabilities as follows at 31 December 2024:

	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	100,746,997	-	-	-	100,746,997
Due from other banks	349,995,578	34,400,783	50,642,395	36,369,928	471,408,684
Other financial assets	3,391,417	-	-	-	3,391,417
Loans and advances to customers, including finance lease receivables	-	381,219	63,646,511	3,215,135	67,242,865
Total financial assets	454,133,992	34,782,001	114,288,906	39,585,063	642,789,963
Financial liabilities					
Customer accounts	67,448,998	-	-	-	67,448,998
Lease liabilities	-	1,223,337	1,272,227	1,937,614	4,433,178
Other borrowed funds	-	-	58,981,991	3,230,120	62,212,111
Other financial liabilities	3,863,972	-	-	-	3,863,972
Total financial liabilities	71,312,970	1,223,337	60,254,218	5,167,734	137,958,259
Net liquidity gap based on expected maturities	382,821,022	33,558,664	54,034,688	34,417,329	504,831,704
Cumulative liquidity gap at 31 Dec 2024	382,821,022	416,379,686	470,414,374	504,831,703	

The Bank monitors liquidity based on expected maturities of financial assets and liabilities as follows at 31 December 2023:

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	Demand less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	30,444,927	-	-	-	30,444,927
Due from other banks	137,109,455	25,034,970	26,435,587	-	188,580,012
Other financial assets	281,785	-	-	-	281,785
Total financial assets	167,836,167	25,034,970	26,435,587	-	219,306,724
Financial liabilities					
Customer accounts	10,003,584	-	-	-	10,003,584
Other financial liabilities	102,229	-	-	-	102,229
Total financial liabilities	10,105,813	-	-	-	10,105,813
Net liquidity gap based on expected maturities	157,730,353	25,034,970	26,435,587	-	209,200,910
Cumulative liquidity gap at 31 Dec 2023	157,730,354	182,765,324	209,200,910	-	

21. Management of capital

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

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

	31 December 2024	31 December 2023
Tier 1 capital	500,000,000	200,000,000
Share capital	500,000,000	200,000,000
Retained earnings	3,313,000	-
General purpose fund	248,462	-
Tier 2 capital	7,417,177	4,535,571
Net profit of the current year	2,064,979	2,685,578
Provision for standart assets	5,352,198	1,849,993
Total regulatory capital	507,417,177	204,535,571
Tier 1 capital ratio	85.59%	108.54%
Regulatory capital ratio	86.86%	111%

22. Contingencies and commitment

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

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations can occur frequently. Management's interpretation of legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and federal authorities. Recent events within Uzbekistan suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation assessments, and it is possible that transactions and activities that have

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not been challenged in the past may be challenged. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

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

23. Fair value of financial instruments

(a) Fair value of the Bank's financial assets that are measured at fair value on a recurring basis.

Fair value of debt securities measured at fair value through profit or loss was determined using cash flow discount model due to absence of an active market for similar instruments. The management of the Bank classified these operations as Level 3 fair value hierarchy.

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

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

Except as detailed in the following table, the Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

The fair value of financial assets and financial liabilities at 31 December 2024 is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Due from other banks	471,408,684	471,408,684	Level 2	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Loans and advances to customers, including finance lease receivables	67,242,865	67,242,865	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Customer accounts	67,448,998	67,448,998	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Other borrowed funds	62,212,111	62,212,111	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value

The fair value of financial assets and financial liabilities at 31 December 2023 is as follows:

Financial Assets/ Liabilities	Carrying value	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Due from other banks	188,580,012	188,580,012	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value
Customer accounts	10,003,584	10,003,584	Level 3	Discounted cash flow model	Discount factor	The greater discount- the smaller fair value

As at 31 December 2024 and 2023, the Bank determined fair value for some of its financial assets and liabilities using the discounted cash flow model by applying CBU statistical bulletin which became open to public starting 2019.

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

24. Related party transactions

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

"Significant shareholders" – legal entities-shareholders which have a significant influence to the Bank through Government;

"Key management personnel" – members of the Management Board and the Council of the Bank (2023: 4 members);

"Government related entities" – entities that are controlled, jointly controlled or significantly influenced by the Government.

Key management compensation is presented below:

	2024	2023
Salaries and other short-term benefits	3,447,176	1,361,390
Social security contribution	413,636	163,367
Pension contribution	3,447	1,361
Total	3,864,259	1,526,118

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

	Government related entities	Key management personnel	Total
Cash and cash equivalents	38,324,275	-	38,324,275
-credit loss allowance	(2,128)	-	(2,128)
Due from other banks balances measured at FVPL	471,413,106	-	471,413,106
-credit loss allowance	(4,422)	-	(4,422)
Customer accounts	-	835,420	825,420

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

	Government related entities	Key management personnel	Total
Cash and cash equivalents	30,442,303	-	30,442,303
-credit loss allowance	(641)	-	(641)
Due from other banks balances measured at FVPL	188,406,173	-	188,406,173
-credit loss allowance	(4)	-	(4)
Customer accounts	-	224,409	224,409

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25. Subsequent events

On 28 January 2025, LLC "FUTURE OPEN TECHNOLOGY GROUP" purchased 350 million ordinary shares of the Bank for a total consideration of UZS 355.542 billion, at a par value of UZS 1,000 per share.

On 14 January 2025, the Bank attracted a deposit of UZS 650 billion from Agrobank for a period of 24 months, intended to finance business operations. The Bank earns a profit through commission income from the use of these funds.

In 2025, the Bank received a loan of UZS 17.035 billion from ITFC under a Murabaha line, for onward allocation to clients. The loan matures on 3 June 2026 and carries an interest rate of SOFR + 2.6%.

Also in 2025, Smartbank established a new subsidiary, Smart Fintech MCHJ, to provide IT support and contribute to the development of the Smartbank ecosystem.

26. Abbreviations

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

Abbreviation	Full name
AC	Amortised Cost
BNPL	Buy now pay later products – financial assets
CBU	The Central Bank of the Republic of Uzbekistan
EAD	Exposure at Default
ECL	Expected Credit Loss
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value Through Profit or Loss
IFRS	International Financial Reporting Standard
LGD	Loss Given Default
PD	Probability of Default
POCI financial assets	Purchased or Originated Credit-Impaired financial assets
SICR	Significant Increase in Credit Risk
SME	Small and Medium-sized Enterprises