

**NON-BANKING CREDIT ORGANISATION
"VIATOR MICROCREDIT AZERBAIJAN"
LIMITED LIABILITY COMPANY**

International Financial Reporting Standards
Financial Statements
and Independent Auditors' Report
as at 31 December 2024



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INDEPENDENT AUDITOR'S REPORT

To the Management Board of Non-Banking Credit Organisation "Viator Microcredit Azerbaijan" Limited Liability Company:

Opinion

We have audited the accompanying financial statements of Non-Banking Credit Organisation "Viator Microcredit Azerbaijan" Limited Liability Company (hereinafter the "Company"), which comprise the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 exercised professional judgment and maintained professional scepticism throughout the audit. We also:

- Identified and assessed 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 obtained 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.
- Obtained 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 Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded 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 Company'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 Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated 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 identified during our audit.

We also provided 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.

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

UHY AUDIT LLC



11 April 2025

Baku, the Republic of Azerbaijan

	Note	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	7	126,659	311,147
Loans to customers	8	7,775,396	8,112,145
Property, equipment and intangible assets	9	333,840	278,164
Deferred tax asset	18	49,753	39,505
Other assets	10	25,422	34,767
Total assets		8,311,070	8,775,728
Liabilities and Equity			
Liabilities			
Term-borrowings	11	1,373,542	3,286,571
Debt securities in issue	12	1,028,121	350,000
Other liabilities	13	43,866	36,951
Total liabilities		2,445,529	3,673,522
Equity			
Charter capital	14	693,774	693,774
Revaluation surplus		74,760	89,064
Retained earnings		5,097,007	4,319,368
Total equity		5,865,541	5,102,206
Total liabilities and equity		8,311,070	8,775,728

Approved and signed on behalf of Management Board on 11 April 2025.

Aynur Aliyeva
Executive Director



Ruslan Garayev
Finance Manager

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Interest income calculated using the effective interest method	15	1,871,530	1,805,091
Interest expense	15	(386,631)	(284,071)
Net interest income before provision for impairment losses on interest bearing assets		1,484,899	1,521,020
Reversal of provision for impairment losses on interest bearing assets	8	412	636
Recovered amounts	8	876,994	604,544
Gain on recovery of written-off loans	8	258,756	280,017
Loss on write-off of non-performing loans	8	-	-
Net interest income		2,621,061	2,406,217
Other income, net	16	37,564	30,244
Administrative and other operating expenses	17	(1,795,154)	(1,779,787)
Net foreign exchange loss		(152)	(422)
Profit before income tax		863,319	656,252
Income tax expense	18	(99,984)	(62,613)
Profit for the year		763,335	593,639
Other comprehensive income		-	-
Total comprehensive income for the year		763,335	593,639

Approved and signed on behalf of Management Board on 11 April 2025.

Aynur Aliyeva
Executive Director



Ruslan Garayev
Finance Manager

	Charter capital	Revaluation surplus	Retained earnings	Total equity
As at 1 January 2023	693,774	103,368	3,711,425	4,508,567
Total comprehensive income for the year	-	-	593,639	593,639
Dividends declared	-	-	-	-
Amortisation of revaluation surplus	-	(14,304)	14,304	-
As at 31 December 2023	693,774	89,064	4,319,368	5,102,206
Total comprehensive income for the year	-	-	763,335	763,335
Dividends declared	-	-	-	-
Amortisation of revaluation surplus	-	(14,304)	14,304	-
As at 31 December 2024	693,774	74,760	5,097,007	5,865,541

Approved and signed on behalf of Management Board on 11 April 2025.

Aynur Aliyeva
Executive Director

Ruslan Garayev
Finance Manager

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Cash flows related to operating activities			
Interest received	15	1,913,856	1,802,579
Interest paid	15	(365,149)	(284,986)
Recovered amounts	8	876,994	604,544
Other receipts, net	16	-	9,574
Operating expenses paid	17	(1,739,185)	(1,714,439)
Income tax paid	18	(84,000)	(64,000)
Net cash from operating activities before changes in operating assets and liabilities		602,516	353,272
Net (increase)/decrease in operating assets:			
Loans to customers	8	553,389	(1,566,682)
Other assets	10	9,345	56,161
Net increase/(decrease) in operating liabilities:			
Other liabilities	13	(38,007)	(1,891)
Net cash from/(used in) operating activities		1,127,243	(1,159,140)
Cash flows related to investing activities			
Acquisition of property, equipment and intangible assets	9	(126,846)	(25,304)
Proceeds from the sale of property, equipment and intangible assets	9	41,000	57,500
Net cash (used in)/from investing activities		(85,846)	32,196
Cash flows related to financing activities			
Issue of corporate bonds	12	1,000,000	-
Repayment of corporate bonds	12	(350,000)	(250,000)
Proceeds from term-borrowings	11	1,000,000	3,366,000
Repayment of term-borrowings	11	(2,875,733)	(2,127,536)
Net cash (used in)/from financing activities		(1,225,733)	988,464
Effect of exchange rate changes on cash and cash equivalents		(152)	(422)
Net decrease in cash and cash equivalents		(184,488)	(138,902)
Cash and cash equivalents at the beginning of the year	7	311,147	450,049
Cash and cash equivalents at the end of the year	7	126,659	311,147

Approved and signed on behalf of Management Board on 11 April 2025.

Aynur Aliyeva
Executive Director



Ruslan Garayev
Finance Manager

1 Company and Its Operations

"Viator Microcredit Azerbaijan" Limited Liability Company (the "Company") is a Non-Banking Credit Organisation, which was incorporated and registered in the Republic of Azerbaijan under the registration number TIN1400163551 on 30 December 2002. The Company is regulated by the Central Bank of the Republic of Azerbaijan (the "CBAR") and conducts its business under special license number 136-QB. The Company's primary business consists of loan origination. Under the existing license the Company does not have the right to obtain cash deposits as collateral. The head office of the Company is located in Ganja, the Republic of Azerbaijan.

As at 31 December 2024 the Company had 5 branches (31 December 2023: 5) and the average number of employees was 61 (2023: 66).

Registered address and place of operations of the Company. The registered address of the Company is AZ1065, J. Jabbarli 44, Caspian Plaza I, 5th floor, Baku, the Republic of Azerbaijan and the location of its head office is AZ2000, N.Narimanov 207 / Ganja, the Republic of Azerbaijan.

As at 31 December 2024 and 31 December 2023 100% shares of the Company is owned by Viator AS (Kingdom of Norway).

2 Operating Environment of the Company

The Company's operations are conducted in the Republic of Azerbaijan.

The Azerbaijani economy demonstrated continued resilience in 2024, supported by robust growth in non-oil sectors, driven by public investment and strong real income growth.

The Country continued to significantly depend on hydrocarbon exports and the associated revenues for its economic growth and fiscal stability in 2024. The oil and gas sector returned to positive growth (0.6% year-on-year) for the first time in two years, primarily due to increased gas production. Driven by strong European demand and the gradual decline of oil fields, gas production is increasingly becoming a key driver of the country's energy sector.

Most areas of the non-oil and gas sector continued growth in 2024. In the first half of 2024, real GDP expanded by 4.3%, driven by robust growth in non-oil sectors, fueled by strong real income growth and significant public infrastructure investments. Non-oil GDP rebounded strongly, growing by 6.8% year-on-year, following a slowdown in 2023. Tourism continued its robust growth, albeit at a slightly slower pace than 2023, reaching an estimated 26% growth. Investment growth remained steady, supported by continued public investment in reconstruction projects in liberated territories and the energy sector.

The Central Bank of the Republic of Azerbaijan ("the CBAR") continued its efforts to maintain price stability in 2024, with several minor adjustments to the policy rate to address evolving economic conditions. Inflation remained within the CBAR's target range, averaging around 3.5% for the year.

In 2024, Azerbaijan's credit rating outlook improved. While Standard & Poor's maintained its "BB+" rating with a stable outlook, both Moody's and Fitch Ratings upgraded their assessments. Moody's maintained its "Ba1" rating but revised the outlook to positive, indicating a higher likelihood of a future rating upgrade. Notably, Fitch Ratings upgraded Azerbaijan's rating from "BB+" with a positive outlook to "BBB-" with an evolving outlook, suggesting a strengthening of the country's credit profile.

The Azerbaijani economy in 2024 faced ongoing challenges from the global geopolitical and geoeconomic environment, including the ongoing conflict in Ukraine and its impact on energy markets. While the economy demonstrated resilience, uncertainties related to global economic growth, commodity price volatility, and potential geopolitical risks remain.

The government has taken steps to enhance economic diversification, including:

2 Operating Environment of the Company (continued)

- **Digitalization:** Investments in digital infrastructure have improved network speeds, while new cybersecurity regulations have been implemented to enhance data protection and resilience.

First five-year "Strategy of Azerbaijan Republic on Information Security and Cybersecurity for 2023–2027" launched in August 2023 establishes cybersecurity standards for the nation and prioritizes enhanced personal data protection.

In parallel, the CBAR strengthened its regulations in 2024 to enhance information security within the financial sector, with a primary focus on bolstering data protection measures and mitigating cybersecurity risks.

- **Renewable energy:** The government has initiated the development of the renewable energy sector through auctions for utility-scale solar projects and has implemented new energy-efficiency standards for construction.

By hosting COP29 climate conference in November 2024 the government demonstrated its commitment to climate action. Notably, it pledged to increase the share of renewable energy in its energy mix to 30% by 2030 and actively sought private investment in utility-scale renewable projects.

The first renewable energy auction was launched in 2024 for a 100 MW solar power plant in Garadagh, marking a crucial step towards achieving renewable energy targets. Furthermore, new regulations were introduced to enhance energy efficiency in buildings, focusing on eco-design and energy performance standards.

- **Energy exports:** Increased gas exports to Europe are expected to support economic growth and export revenues. The Azerbaijani government has signed new gas supply agreements with European countries and is expanding the capacity of the Southern Gas Corridor which is expected to result in the rise of gas exports to Europe from the current 12 billion cubic metres to 20 billion cubic metres by 2027.

The Company's management is closely monitoring the evolving macroeconomic environment and will continue to take necessary measures to ensure the sustainability and development of the Company's business.

However, current forecasts and estimations of the management regarding the economic environment may be different from actual results due to the inherent uncertainties associated with economic forecasting.

3 Summary of Significant Accounting Policies

Basis of preparation of the Financial Statements. These financial statements (hereinafter the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The reporting date of the Company's financial statements is 31 December. These financial statements have been prepared on a historical cost basis, unless otherwise is indicated.

Presentation currency. All amounts in these financial statements are presented in Azerbaijani manat ("AZN"), which is presentation and functional currency of the Company, unless otherwise is indicated.

It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Presentation of statement of financial position in order of liquidity. The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, analysis of financial assets and liabilities by their expected maturities is presented in Note 21.

Effect of COVID-19 pandemic. The Company continues to assess pandemic effect and changing micro and macroeconomic conditions on its activities, financial position and financial results.

3 Summary of Significant Accounting Policies (continued)

Financial Instruments - key measurement terms. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial Instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flows models or models based on recent arm's length transactions or consideration of financial data of the investees are used to fair value certain financial Instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows:

- Level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest Instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

3 Summary of Significant Accounting Policies (continued)

Financial Instruments - initial recognition. All 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, resulting in an immediate accounting loss.

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 Company 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 Company classifies and measures financial assets at AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Business model. The business model reflects how the Company manages the assets in order to generate cash flows - whether the Company's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows"), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). **Financial assets-reclassification.** Financial Instruments are reclassified only when the business model for managing the portfolio as a whole change. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Reclassification. Financial Instruments are reclassified only when the business model for managing the portfolio as a whole change. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Impairment of financial assets. The Company measures ECL for debt Instruments measured at AC and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt Instruments measured at AC are presented in the statement of financial position net of the allowance for ECL.

The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL").

3 Summary of Significant Accounting Policies (continued)

Refer to Note 21 for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in Note 21.

Write-off of financial assets. Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Derecognition of financial assets. The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Modification of financial assets. The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. Where possible, the Company seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously review renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original or current effective interest rate.

Financial liabilities - measurement categories. Financial liabilities are classified as subsequently measured at AC.

Derecognition of financial liabilities. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Cash and cash equivalents. Cash and cash equivalents consist of unrestricted balances on correspondent accounts. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents, both in the statement of financial position and for the purposes of the statement of cash flows. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Loans to customers. Loans to customers are recorded when the Company advances money to purchase or originate a loan due from a customer. Based on the business model and the cash flow characteristics, the Company classifies loans to customers at amortised cost.

Impairment allowances are determined based on ECL models. Note 21 provides information about inputs, assumptions and estimation techniques used in measuring ECL.

Property and equipment. Properties are stated at cost less accumulated depreciation and provision for impairment, where required.

Costs of minor repairs and maintenance are expensed when incurred. The cost of replacing major parts or components of property and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use.

3 Summary of Significant Accounting Policies (continued)

The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the year (within other operating income or expenses).

Depreciation. Depreciation of an asset begins when it is available for use. Land and construction in progress are not depreciated. Depreciation on other items of property and equipment is calculated using straight-line method at the estimated annual rates ranging between the following:

	<u>Annual rates</u>
Buildings	7%
Vehicles	20%
Computers and communication equipment	33%
Furniture and fixtures	20%
Other	25%

The expected useful lives of property and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life unless scrap value is significant. The assets' residual values are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets. All of the Company's intangible assets have definite useful lives and primarily include capitalised computer software.

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred. Capitalised computer software is amortised on a straight-line basis over expected useful lives of 5 to 10 years.

Leases. The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As at 31 December 2024 and 31 December 2023 the Company has no lease agreements which are subject to mandatory application of IFRS 16. Therefore the Management recognised all lease agreements as an operating leases for the years ended 31 December 2024 and 31 December 2023.

Prepayments. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company.

Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year/period.

3 Summary of Significant Accounting Policies (continued)

Prepayments of the Company have maturity dates less than one year and are recognised within other assets in the statement of financial position.

Term-borrowings. Term-borrowings include loans from resident and non-resident banks and other financial institutions with fixed maturities and fixed interest rates. Term-borrowings are subsequently carried at amortised cost.

Debt securities in issue. Debt securities in issue include bonds issued by the Company. Debt securities are stated at AC.

Charter capital. Charter capital is the amount of capital contributed by the shareholder. The Company may increase or decrease its charter capital with approval of the shareholder granted in accordance with law. As disclosed in Note 1, Viator AS (Kingdom of Norway) owns 100 percent of shares of the Company as at 31 December 2024 and 31 December 2023.

Dividends. Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The accounting reports of the Company are the basis for profit distribution and other appropriations. Azerbaijan legislation identifies the basis of distribution as the current year net profit.

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

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

The Company does not designate loan commitments as financial liabilities at fair value through profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied for the AC.

Interest expense is accrued on the borrowed funds and issued debt securities and recognised within "Interest expense" line in the statement of comprehensive income.

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

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

3 Summary of Significant Accounting Policies (continued)

Staff costs and related contributions. Wages, salaries, contributions to the Republic of Azerbaijan 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 Company.

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

Corporate income taxes. Corporate income taxes have been provided for in the financial statements in accordance with the applicable legislation enacted or substantively enacted by the reporting date. The income tax charge comprises current tax and deferred tax and is recognized on the profit or loss unless it relates to transactions that are recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company does not recognise deferred tax liabilities on such temporary differences except to the extent that Management expects the temporary differences to reverse in the foreseeable future.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Taxes other than income tax. Taxes, other than on income, are recorded within operating expenses.

Foreign currency translation. The functional currency of the Company is the currency of the primary economic environment in which it operates. The functional and presentation currency of the Company is the national currency of the Republic of Azerbaijan, Azerbaijani Manat ("AZN").

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of the Republic of Azerbaijan ("CBAR") at the respective end of the reporting period.

Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the functional currency at year-end official exchange rates of the CBAR are recognised in profit or loss. All foreign exchange gains and losses are presented in the income statement within "Net foreign exchange loss". Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

The applicable exchange rates used were:

3 Summary of Significant Accounting Policies (continued)

	As of the year ended	
	31 December 2024	31 December 2023
Closing rate (AZN/USD)	1.7000	1.7000
Closing rate (AZN/EUR)	1.7724	1.8766

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Professional judgements which have the most significant effect on the amounts recognised in the financial statements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include the following:

Useful lives of property, equipment and intangible assets. Management determines the estimated useful lives and related depreciation and amortisation charges for its property, equipment and intangible assets.

This estimate is based on projected period over which the Company expects to consume economic benefits from the asset. Management increases the depreciation charge where useful lives are less than previously estimated lives. The useful lives are reviewed at least at each financial year-end. Changes in any of the above conditions or estimates may result in adjustments to future depreciation rates.

Impairment of non-financial assets. Management assesses whether there are any indicators of possible impairment of all non-financial assets each reporting date based on events or circumstances that indicate the carrying value of assets may not be recoverable. Such indicators include changes in the Company's business plans, changes in commodity prices leading to unprofitable performances.

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model.

Provision for expected credit losses of financial assets

The information about ECLs on the loans provided to customers is disclosed in Note 8 *Loans to Customers*.

The measurement of expected credit losses (ECL) reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

Estimation of amount and timing of future cash flows and collateral values to determine ECL and assessment of a significant increase in credit risk require judgement. The Company's ECL calculations are outputs of complex models with choice of variable inputs.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (continued)

Elements of the models are considered critical accounting judgements and estimations include:

- The Company's internal credit rating model, which determines PD for the individual grades;
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs.

The amount of the allowance for impairment of loans to customers was AZN 374,657 and AZN 375,243 as at 31 December 2024 and 2023, respectively.

Amendment of the financial statements after issue. Any changes to these financial statements after issue require approval of the Company's management who authorised these financial statements for issue. The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies.

5 Adoption of New and Revised Standards and Interpretations

In the current year, the Company has adopted all of the applicable new and revised Standards and Interpretations issued by the International Accounting Standard Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods ended 31 December 2024. The following standards and interpretations are effective for the Company from 1 January 2024.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements. The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements;
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements;
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement;
- Liquidity risk information.

The amendment has no material effect on the Company's financial statements.

5 Adoption of New and Revised Standards and Interpretations (continued)**Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current.**

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendment has no material effect on the Company's financial statements.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. The amendment has no material effect on the Company's financial statements.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16. The amendment has no material effect on the Company's financial statements.

6 New Accounting Pronouncements

At the date of authorization of these financial statements, other than the Standards and interpretations adopted by the Company in advance of their effective dates, the following interpretations were in issue but not yet effective.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability. The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

6 New Accounting Pronouncements (continued)

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so. When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability;
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented. In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

IFRS 18 Presentation and Disclosures in Financial Statements. IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share. IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements;
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

IFRS 19 Subsidiaries without Public Accountability: Disclosures. IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

6 New Accounting Pronouncements (continued)

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent);
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements. The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted. If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

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

7 Cash and Cash Equivalents

	31 December 2024	31 December 2023
Cash in hand in AZN	2,158	2,590
Cash in hand in USD	1,730	1,805
Total cash in hand	3,888	4,395
AZN denominated correspondent account balances	83,301	273,189
USD denominated correspondent account balances	39,082	33,155
EUR denominated correspondent account balances	387	408
Total bank accounts	122,770	306,752
Total cash and cash equivalents	126,658	311,147

8 Loans to Customers

	31 December 2024	31 December 2023
Agricultural sector	186,257	96,156
Trade sector	2,095,348	1,970,356
Service and other sectors	6,041,380	6,583,827
Total loans to customers (gross)	8,322,985	8,650,339
Less: allowance for expected credit losses	(374,657)	(375,243)
Total loans to customers (net)	7,948,328	8,275,096
Deferred commission fee	(172,932)	(162,951)
Total loans to customers (net)	7,775,396	8,112,145

Loans to customers are issued primarily to customers located within the Republic of Azerbaijan.

Analysis of changes in gross carrying value and corresponding ECL by loan categories during the year ended 31 December 2024 is as follows:

Gross carrying value - agricultural sector	Stage 1	Stage 2	Stage 3	Total
1 January 2024	95,583	-	573	96,156
New assets originated or purchased	186,900	-	-	186,900
Changes in accrued interest	(7,293)	513	11,568	4,788
Assets repaid	(172,669)	(374)	(51,246)	(224,289)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(95)	95	-	-
Transfers to Stage 3	-	(145)	145	-
Assets recovered	73,930	-	48,772	122,702
Amounts written off	-	-	-	-
31 December 2024	176,356	89	9,812	186,257
Allowance on expected credit loss - agricultural sector	Stage 1	Stage 2	Stage 3	Total
1 January 2024	(5,765)	-	(573)	(6,338)
New assets originated or purchased	(1,737)	-	-	(1,737)
Changes in accrued interest	22	-	(137)	(115)
Unwinding of discount	-	-	-	-
Assets repaid	5,994	114	2,573	8,681
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(57)	57	-	-
Transfers to Stage 3	-	80	(80)	-
Remeasurement of ECL, net	(93)	(1,076)	(10,828)	(11,997)
Amounts written off	-	-	-	-
31 December 2024	(1,636)	(825)	(9,045)	(11,506)

8 Loans to Customers (continued)

Gross carrying value - trade sector	Stage 1	Stage 2	Stage 3	Total
1 January 2024	1,880,210	17,148	72,998	1,970,356
New assets originated or purchased	2,436,500	19,400	9,400	2,465,300
Changes in accrued interest	(7,088)	11,558	25,802	30,272
Assets repaid	(2,681,654)	(9,794)	(82,074)	(2,773,522)
Transfers to Stage 1	2,469	(2,469)	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(32,643)	(9,018)	41,661	-
Assets recovered	371,486	8,300	23,341	403,127
Amounts written off	(185)	-	-	(185)
31 December 2024	1,969,095	35,125	91,128	2,095,348
Allowance on expected credit loss - trade sector	Stage 1	Stage 2	Stage 3	Total
1 January 2024	(6,177)	(8,602)	(61,185)	(75,964)
New assets originated or purchased	(18,161)	(560)	(858)	(19,579)
Changes in accrued interest	177	(9)	(13,423)	(13,255)
Unwinding of discount	7	22	5	34
Assets repaid	26,290	490	10,923	37,703
Transfers to Stage 1	(247)	247	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	16,329	6,080	(22,409)	-
Remeasurement of ECL, net	(21,550)	2,299	(11,011)	(30,262)
Amounts written off	-	-	-	-
31 December 2024	(3,332)	(33)	(97,958)	(101,323)
Gross carrying value - service and other sectors	Stage 1	Stage 2	Stage 3	Total
1 January 2024	6,311,492	25,445	246,890	6,583,827
New assets originated or purchased	7,577,900	71,100	42,800	7,691,800
Changes in accrued interest	(8,737)	17,664	(9,489)	(562)
Assets repaid	(8,940,902)	(36,722)	(173,228)	(9,150,852)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(1,741)	1,741	-	-
Transfers to Stage 3	(118,391)	(14,838)	133,229	-
Assets recovered	865,691	1,500	55,831	923,022
Amounts written off	(5,649)	-	(206)	(5,855)
31 December 2024	5,679,663	65,890	295,827	6,041,380
Allowance on expected credit loss - service and other sectors	Stage 1	Stage 2	Stage 3	Total
1 January 2024	(28,344)	(3,563)	(261,034)	(292,941)
New assets originated or purchased	(46,684)	(1,301)	(12,402)	(60,387)
Changes in accrued interest	627	13	(20,166)	(19,526)
Unwinding of discount	51	56	31	138

8 Loans to Customers (continued)

Allowance on expected credit loss - service and other sectors	Stage 1	Stage 2	Stage 3	Total
Assets repaid	151,933	1,092	31,292	184,317
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	363	(363)	-	-
Transfers to Stage 3	80,626	6,827	(87,453)	-
Remeasurement of ECL, net	(180,388)	(3,147)	109,811	(73,724)
Amounts written off	89	-	206	295
31 December 2024	(21,727)	(386)	(239,715)	(261,828)

Analysis of changes in gross carrying value and corresponding ECL by loan categories during the year ended 31 December 2023 is as follows:

Gross carrying value - agricultural sector	Stage 1	Stage 2	Stage 3	Total
1 January 2023	128,555	-	798	129,353
New assets originated or purchased	143,250	-	-	143,250
Changes in accrued interest	(605)	-	-	(605)
Assets repaid	(245,190)	-	(44,385)	(289,575)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Assets recovered	69,573	-	44,160	113,733
Amounts written off	-	-	-	-
31 December 2023	95,583	-	573	96,156

Allowance on expected credit loss - agricultural sector	Stage 1	Stage 2	Stage 3	Total
1 January 2023	(1,056)	-	(798)	(1,854)
New assets originated or purchased	(5,683)	-	-	(5,683)
Changes in accrued interest	(30)	-	-	(30)
Unwinding of discount	(19)	-	-	(19)
Assets repaid	1,004	-	225	1,229
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Remeasurement of ECL, net	19	-	-	19
Amounts written off	-	-	-	-
31 December 2023	(5,765)	-	(573)	(6,338)

Gross carrying value - trade sector	Stage 1	Stage 2	Stage 3	Total
1 January 2023	1,635,990	4,407	35,192	1,675,589
New assets originated or purchased	2,713,650	18,500	18,700	2,750,850
Changes in accrued interest	(2,270)	676	5,373	3,779
Assets repaid	(2,446,500)	(19,041)	(31,342)	(2,496,883)
Transfers to Stage 1	-	-	-	-

8 Loans to Customers (continued)

Gross carrying value - trade sector	Stage 1	Stage 2	Stage 3	Total
Transfers to Stage 2	(12,606)	12,606	-	-
Transfers to Stage 3	(28,182)	-	28,182	-
Assets recovered	20,128	-	16,893	37,021
Amounts written off	-	-	-	-
31 December 2023	1,880,210	17,148	72,998	1,970,356

Allowance on expected credit loss - trade sector	Stage 1	Stage 2	Stage 3	Total
1 January 2023	(43,776)	(135)	(28,089)	(72,000)
New assets originated or purchased	(24,743)	(2,147)	(3,330)	(30,220)
Changes in accrued interest	(195)	(91)	35	(251)
Unwinding of discount	(132)	(19)	-	(151)
Assets repaid	15,177	-	312	15,489
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	4,060	(4,060)	-	-
Transfers to Stage 3	16,413	-	(16,413)	-
Remeasurement of ECL, net	27,019	(2,150)	(13,700)	11,169
Amounts written off	-	-	-	-
31 December 2023	(6,177)	(8,602)	(61,185)	(75,964)

Gross carrying value - service and other sectors	Stage 1	Stage 2	Stage 3	Total
1 January 2023	4,663,998	2,172	299,707	4,965,877
New assets originated or purchased	9,626,900	39,050	22,400	9,688,350
Changes in accrued interest	31,307	1,339	161	32,807
Assets repaid	(8,044,122)	(12,608)	(173,258)	(8,229,988)
Transfers to Stage 1	669	(669)	-	-
Transfers to Stage 2	(6,609)	6,609	-	-
Transfers to Stage 3	(15,866)	(10,448)	26,314	-
Assets recovered	55,215	-	71,949	127,164
Amounts written off	-	-	(383)	(383)
31 December 2023	6,311,492	25,445	246,890	6,583,827

Allowance on expected credit loss - service and other sectors	Stage 1	Stage 2	Stage 3	Total
1 January 2023	(2,304)	(2,000)	(296,776)	(301,080)
New assets originated or purchased	(90,506)	(4,341)	(4,377)	(99,224)
Changes in accrued interest	(884)	(122)	(5)	(1,011)
Unwinding of discount	(679)	-	(96)	(775)
Assets repaid	102,867	52	77,864	180,783
Transfers to Stage 1	(144)	144	-	-
Transfers to Stage 2	2,104	(2,104)	-	-
Transfers to Stage 3	10,245	5,573	(15,818)	-

8 Loans to Customers (continued)

Allowance on expected credit loss - service and other sectors	Stage 1	Stage 2	Stage 3	Total
Remeasurement of ECL, net	(49,043)	(765)	(21,826)	(71,634)
Amounts written off	-	-	-	-
31 December 2023	(28,344)	(3,563)	(261,034)	(292,941)

According to the agreement signed with the CBAR on 1 August 2019 based on decree signed by President of the Republic of Azerbaijan on 28 February 2019, the CBAR have provided loan to the Company with 0.1% interest rate and for 5 years under the state guarantee in order to restructure loans to individuals with overdue days more than 360 as at the date of the Decree and issued starting 1 January 2012 till the date of the Decree with exposure of up to USD 10,000 or AZN 17,000. The Company has used these funds to provide loans with 1% interest rate p.a. to appropriate customers.

As at 31 December 2024 and 31 December 2023 all loans were granted to individuals operating in the Republic of Azerbaijan. Included in loans to customers AZN 139,602 and AZN 105,104 as at 31 December 2024 and 31 December 2023, respectively, represent accrued interest receivable. During the years 2024 and 2023 cash inflows have been received from the recovered funds in the amount of AZN 876,994 and AZN 604,544 respectively.

9 Property, Equipment and Intangible Assets

Cost	Land and buildings	Vehicles	Computers and communication equipment	Furniture and fixtures	Other	Software and licenses	Total
1 January 2023	491,997	126,500	45,211	22,966	58,129	4,222	749,025
Additions	-	-	5,304	-	-	-	5,304
Disposals	-	(66,000)	(30,547)	(10,344)	(19,970)	-	(126,861)
31 December 2023	491,997	60,500	19,968	12,622	38,159	4,222	627,468
Additions	-	93,000	8,375	-	5,190	40,000	146,565
Disposals	-	(60,500)	(1,868)	(1,100)	(654)	-	(64,122)
31 December 2024	491,997	93,000	26,475	11,522	42,695	44,222	709,911
Accumulated depreciation							
1 January 2023	(229,486)	(53,306)	(41,162)	(19,749)	(52,069)	(4,222)	(399,994)
Depreciation expense	(33,698)	(12,100)	(4,127)	(1,082)	(2,610)	-	(53,617)
Accumulated depreciation of disposed items	-	43,446	30,547	10,344	19,970	-	104,307
31 December 2023	(263,184)	(21,960)	(14,742)	(10,487)	(34,709)	(4,222)	(349,304)
Depreciation expense	(33,698)	(1,031)	(5,584)	(1,082)	(2,259)	(3,277)	(46,931)
Accumulated depreciation of disposed items	-	19,064	-	1,100	-	-	20,164
31 December 2024	(296,882)	(3,927)	(20,326)	(10,469)	(36,968)	(7,499)	(376,071)
Net book value							
1 January 2023	262,511	73,194	4,049	3,217	6,060	-	349,031
31 December 2023	228,813	38,540	5,226	2,135	3,450	-	278,164
31 December 2024	195,115	89,073	6,149	1,053	5,727	36,723	333,840

10 Other Assets

	31 December 2024	31 December 2023
Assets held for sale	25,300	25,300
Other prepayments	122	9,467
Total other assets	25,422	34,767

11 Term-Borrowings

	31 December 2024	31 December 2023
Term-borrowings from local institutions	1,365,688	3,153,676
Term-borrowings from foreign institutions	7,854	132,895
Total term-borrowings	1,373,542	3,286,571

Included in borrowings AZN 3,102 and AZN 9,741 as at 31 December 2024 and 31 December 2023 respectively, represent accrued interest payable.

On 5 August 2016, the Company signed the inter-creditor agreement with lenders. In relation to this agreement no creditor will take any enforcement action with respect to any debt from the date of this agreement until all loans have fully been repaid to each creditor. Each creditor agreed to reduce the rate of interest payable in respect of its loan to 5% effective as of 1 August 2016. All borrowed funds had been converted to US dollars at the rate of exchange USD 1.00 = EUR 0.8948 and USD 1.00 = AZN 1.5851, as at 1 August 2016, respectively and repayment schedules were rescheduled. During the restructuring period, the Borrower may obtain new debt or equity financing for its operations from domestic or international sources. From that date three amendments have been signed to the contract. According to first amendment which has been signed 30 June 2017, each creditor agrees to reduce the rate of interest payable from formerly agreed 5% to 2% as of 1 July 2017. According to second amendment which has been signed 28 February 2018, each creditor agrees to waive its right to charge and to receive any interest payable in respect of its loan from 1 March 2018, and up to 28 February 2019. Third amendment which has been signed on 30 June 2018, agreement between parties to adjust repayment dates of principal amount.

Borrowings from local institutions include loans from Pasha Bank OJSC.

The Company signed three loan agreements with Pasha Bank OJSC on 13 June 2023, 29 August 2023 and 21 November 2023. According to the agreements Pasha Bank OJSC provided three loans to the Company, in the amount of AZN 866,000, AZN 1,500,000 and AZN 1,000,000 respectively. The loans bear annual interest rate of 13% and are repayable until 13 December 2024, 28 February 2025 and 21 May 2025 respectively. The loan in the amount of AZN 866,000 was fully repaid during the year 2024.

The Company signed a loan agreement with Pasha Bank OJSC on 26 August 2024. According to the agreement Pasha Bank OJSC provided a loan to the Company, in the amount of AZN 1,000,000. The loan bears annual interest rate of 13% and is repayable until 26 February 2026.

12 Debt Securities in Issue

	31 December 2024	31 December 2023
Bonds issued on domestic market	1,028,121	350,000
Total debt securities in issue	1,028,121	350,000

The Company has issued corporate unsecured bonds in the amount of AZN 350,000, 350 bonds with face value of AZN 1,000 on 21 December 2022 and in the amount of AZN 500,000, 500 bonds with face value of AZN 1,000 on 25 January 2024 and 12 July 2024. These issues were registered with the State Committee for Securities under identification codes AZ2005021533, AZ2006021532, and AZ2007021531 respectively. Bonds have 18 months of maturity with an annual coupon rate of 14% payable monthly. CPM-Invest Investment Company is performing as the underwriter for the issues. Bonds under identification code AZ2005021533 were repaid by the Company in 2024.

13 Other Liabilities

	31 December 2024	31 December 2023
Accruals for unused vacations	25,843	23,191
Payables on taxes and social charges	1,272	11,478
Other	16,751	2,282
Total other liabilities	43,866	36,951

14 Charter Capital

As at 31 December 2024 and 31 December 2023 charter capital consisted of 100 shares with par value of AZN 6,937.74 each. 100% shares of the Company is owned by Viator AS (Kingdom of Norway).

15 Interest Income and Expense

	Year ended 31 December 2024	Year ended 31 December 2023
Interest income comprises:		
Interest income on assets recorded at amortised cost	1,871,530	1,805,091
Total interest income	1,871,530	1,805,091
Interest income		
Loans to customers	1,871,530	1,805,091
Total interest income	1,871,530	1,805,091
Interest expense comprises:		
Interest expense on liabilities recorded at amortized cost	(386,631)	(284,071)
Total interest expense	(386,631)	(284,071)
Interest expense		
Term-borrowings	(264,567)	(210,279)
Debt securities issued	(122,064)	(73,792)
Total interest expenses	(386,631)	(284,071)
Net interest income before provision for impairment losses on interest bearing assets	1,484,899	1,521,020

16 Other Income

Other income net of other expenses amounted to AZN 37,564 (2023: AZN 30,244) and comprise fees on various services to customers, various charges applied to employees and other operations.

17 Administrative and Other Operating Expenses

	Year ended 31 December 2024	Year ended 31 December 2023
Staff costs	1,405,992	1,365,101
Security expenses	67,146	65,343
Depreciation expense	46,931	53,617
Rent expenses	42,318	41,256
Utilities	35,409	15,854
Bank commission	33,089	76,861
Insurance expenses	31,790	24,090
Business trip expenses	25,478	24,267
Institutional development costs	17,101	15,375
Professional service fees	15,340	15,340
Office supplies	14,607	13,610
Communication expenses	13,611	12,431
Repair and maintenance	8,986	7,157
Training expenses	7,310	8,488
Taxes other than income tax expense	2,865	2,903
Other expenses	27,181	38,094
Total administrative and other operating expenses	1,795,154	1,779,787

18 Income Tax Expense

Income tax expense comprises the following:

	Year ended 31 December 2024	Year ended 31 December 2023
Current income tax:		
Current income tax charge	110,232	73,378
Deferred tax:		
Relating to origination and reversal of temporary differences	(10,248)	(10,765)
Income tax expense	99,984	62,613

The income tax rate applicable to the Company's 2024 and 2023 income is 20%. A reconciliation between the expected and the actual taxation charge is provided below:

	Year ended 31 December 2024	Year ended 31 December 2023
Profit before tax	863,319	656,252
Statutory income tax rate of 20%	172,664	131,250
Tax effect of non-taxable income	(72,680)	(68,637)
Income tax expense	99,984	62,613

Differences between IFRS and Azerbaijani statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20% (2023: 20%).

18 Income Tax Expense (continued)

	Statement of financial position		Statement of comprehensive income	
	31 December 2024	31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023
Loans to customers	50,368	48,372	1,996	6,505
Property, equipment and intangible assets	3,598	(2,315)	5,913	(2,877)
Other assets	11,882	11,882	-	-
Term-borrowings	(127)	1,054	(1,181)	(221)
Other liabilities	6,682	6,023	659	4,497
Revaluation surplus	(22,650)	(25,511)	2,861	2,861
Income tax benefit			10,248	10,765
Net deferred tax asset	49,753	39,505		

19 Contingencies and Commitments

Compliance with requirements of the CBAR. The Company has to comply with rules and requirements set by the CBAR in accordance with the Law on Non-Banking Credit Organizations and other normative acts. The Company was in compliance with the rules and requirements set by the CBAR as at 31 December 2024 and 31 December 2023.

Capital commitments. The Company had no material commitments for capital expenditures outstanding as at 31 December 2024 and 31 December 2023.

Legal proceedings. From time to time and in the normal course of operations, claims against the Company may be received. On the basis of its own estimates and both internal 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. Azerbaijan tax, currency and customs legislation is subject to varying interpretations, and changes, which may occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities.

Fiscal periods remain open to review by the tax authorities in respect of taxes for three calendar years preceding the year of tax audit. Under certain circumstances such reviews may cover longer periods.

The Company's management believes that its interpretation of the relevant legislation is appropriate and the Company's tax, currency legislation and customs positions will be sustained and potential tax liabilities of the Company will not exceed the amounts recorded in these financial statements. Accordingly, at 31 December 2024 and 31 December 2023 no provision for potential tax liabilities had been recorded.

20 Balances and Transactions with Related Parties

For the purposes of these financial statements, parties are generally considered to be related if the parties are directly or indirectly 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.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties. Transactions with related parties may not be considered compatible to the conditions of the transactions between commercially independent parties.

20 Balances and Transactions with Related Parties (continued)

The Company had the following balances with related parties outstanding as at 31 December 2024 and 31 December 2023:

	31 December 2024		31 December 2023	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers		7,775,396		8,112,145
- Key management personnel	-		-	
Term-borrowings		1,373,542		3,286,571
- Entities with joint control or significant influence over the entity	-		3,743	

The Company had the following transactions with related parties for the years ended 31 December 2024 and 31 December 2023:

	Year ended 31 December 2024		Year ended 31 December 2023	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Interest income		1,871,530		1,805,091
- Key management personnel	-		387	
Interest expense		386,631		284,071
- Entities with joint control or significant influence over the entity	-		410	
Staff costs		1,405,992		1,365,101
- Key management personnel	514,193		493,396	

* Key management personnel of the Company consists of Chairman and Deputy Chairman of the Management Board.

** Entities with joint control or significant influence over the entity comprise Normisjon Region East and Normisjon Nordland Eiendom AS which are two separate legal entities and affiliated parties of Normisjon network.

21 Financial Risk Management

The Company's principal financial liabilities comprise term-borrowings and debt securities in issue. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents and loans to customers that derive directly from its operations. The Company is exposed to credit risk, market risk and liquidity risk.

21 Financial Risk Management (continued)

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's management in close cooperation with the Company's operating units. The management takes all necessary steps to mitigate these risks to a minimum acceptable level.

Credit risk. The Company takes on exposure to credit risk which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's lending and other transactions with counterparties giving rise to financial assets.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position, as presented in the following tables:

	31 December 2024		
	Maximum exposure	Collateralised by liquid assets	Net exposure after collateral pledged
Loans to customers	7,775,396	6,303,315	1,472,081

	31 December 2023		
	Maximum exposure	Collateralised by liquid assets	Net exposure after collateral pledged
Loans to customers	8,112,145	6,407,132	1,705,013

Credit risk management. Credit risk is the single largest risk for the Company's business; management therefore carefully manages its exposure to credit risk. The principal credit risk management methods used is described in the formal Credit Policy adopted and implemented by the Company. These include the setting of limits and the diversification of the credit portfolio based upon defined criterion (such as industry, duration, related persons, region, etc.). All restrictions and norms issued by the Central Bank of Azerbaijan ("CBAR"), related to lending operations, have also been carefully considered and embedded into the Company's credit policy.

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 Company: Exposure at Default ("EAD"), Probability of Default ("PD"), 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, and expected drawdowns on committed facilities. The EADs are determined based on the expected payment profile that varies by product type. EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis for amortising products.

This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation.

PD an estimate of the likelihood of default to occur over a given time period. Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate.

Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument.

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

21 Financial Risk Management (continued)

- the borrower is more than 90 days past due on its contractual payments;
- the borrower meets the unlikelihood-to-pay criteria listed below:
 - the Company was forced to restructure the debt;
 - the borrower is deceased;
 - the borrower is insolvent or it is becoming likely that the borrower will be insolvent;
 - the loans originated at a deep discount that reflects the incurred credit losses.

The Company considers a financial instrument to have experienced a significant increase in credit risk ("SICR") when one or more of the following quantitative, qualitative or backstop criteria have been met:

- 30 days past due;
- inclusion of loan into a watch list according to the internal credit risk monitoring process.
- Relative threshold defined on the basis of a portfolio: the Company regularly monitors segments with increased credit risk (regions of higher credit risk, failed products, products on which issuing was stopped) and considers such portfolios to have a SICR.

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.

Level of ECL that is recognised in these financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2, but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Company monitors whether that indicator continues to exist or has changed.

The Company measures ECL on a portfolio basis: the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio. This approach stratifies the loan pool into homogeneous segments based on borrower-specific information, such as delinquency status, the historical data on losses, location and other predictive information.

Market risk. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks the Company is mainly exposed comprise interest rate risk and currency risk.

Interest rate risk. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The following table presents a sensitivity analysis of interest rate risk, which has been determined based on "reasonably possible changes in the risk variable":

21 Financial Risk Management (continued)

	31 December 2024		31 December 2023	
	Interest rate +1%	Interest rate -1%	Interest rate +1%	Interest rate -1%
Financial assets				
Loans to customers	77,754	(77,754)	81,121	(81,121)
Financial liabilities				
Term-borrowings	(13,735)	13,735	(32,866)	32,866
Debt securities in issue	(10,281)	10,281	(3,500)	3,500
Net impact on profit before income tax	53,738	(53,738)	44,755	(44,755)

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

The Company's exposure to foreign currency exchange rate risk is presented in the tables below:

	AZN	USD	EUR	Total
Financial assets				
Cash and cash equivalents	85,460	40,812	387	126,659
Loans to customers	7,775,396	-	-	7,775,396
	<u>7,860,856</u>	<u>40,812</u>	<u>387</u>	<u>7,902,055</u>
Financial liabilities				
Term-borrowings	1,365,688	7,854	-	1,373,542
Debt securities in issue	1,028,121	-	-	1,028,121
	<u>2,393,809</u>	<u>7,854</u>	<u>-</u>	<u>2,401,663</u>
Net currency position as at 31 December 2024	5,467,047	32,958	387	5,500,392
	AZN	USD	EUR	Total
Financial assets				
Cash and cash equivalents	275,779	34,960	408	311,147
Loans to customers	8,112,145	-	-	8,112,145
	<u>8,387,924</u>	<u>34,960</u>	<u>408</u>	<u>8,423,292</u>
Financial liabilities				
Term-borrowings	3,153,676	132,895	-	3,286,571
Debt securities in issue	350,000	-	-	350,000
	<u>3,503,676</u>	<u>132,895</u>	<u>-</u>	<u>3,636,571</u>
Net currency position as at 31 December 2023	4,884,248	(97,935)	408	4,786,721

21 Financial Risk Management (continued)

The following table details the Company's sensitivity to a 10% increase and decrease in the USD and EUR against AZN. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in foreign currency rates.

	31 December 2024		31 December 2023	
	AZN/USD +10%	AZN/USD -10%	AZN/USD +10%	AZN/USD -10%
Impact on profit or loss	3,296	(3,296)	(9,794)	9,794
Impact on equity	3,296	(3,296)	(9,794)	9,794

	31 December 2024		31 December 2023	
	AZN/EUR +10%	AZN/EUR -10%	AZN/EUR +10%	AZN/EUR -10%
Impact on profit or loss	39	(39)	41	(41)
Impact on equity	39	(39)	41	(41)

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

	The Republic of Azerbaijan	OECD countries	Total
Financial assets			
Cash and cash equivalents	126,659	-	126,659
Loans to customers	7,775,396	-	7,775,396
	<u>7,902,055</u>	-	<u>7,902,055</u>
Financial liabilities			
Term-borrowings	1,365,688	7,854	1,373,542
Debt securities in issue	1,028,121	-	1,028,121
	<u>2,393,809</u>	<u>7,854</u>	<u>2,401,663</u>
Net position as at 31 December 2024	<u>5,508,246</u>	<u>(7,854)</u>	<u>5,500,392</u>

	The Republic of Azerbaijan	OECD countries	Total
Financial assets			
Cash and cash equivalents	311,147	-	311,147
Loans to customers	8,112,145	-	8,112,145
	<u>8,423,292</u>	-	<u>8,423,292</u>
Financial liabilities			
Term-borrowings	3,153,676	132,895	3,286,571
Debt securities in issue	350,000	-	350,000
	<u>3,503,676</u>	<u>132,895</u>	<u>3,636,571</u>
Net position as at 31 December 2023	<u>4,919,616</u>	<u>(132,895)</u>	<u>4,786,721</u>

21 Financial Risk Management (continued)

Liquidity risk. Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities. It refers to the availability of sufficient funds to meet financial commitments associated with financial instruments as they actually fall due. Liquidity risk exists when the maturities of assets and liabilities do not match. The maturity analysis of financial instruments at 31 December 2024 and 31 December 2023 is as follows:

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	126,659	-	-	-	-	126,659
Loans to customers	66,334	50,929	1,546,010	6,112,123	-	7,775,396
	192,993	50,929	1,546,010	6,112,123	-	7,902,055
Financial liabilities						
Term-borrowings	3,102	-	-	1,370,440	-	1,373,542
Debt securities in issue	-	-	1,028,121	-	-	1,028,121
	3,102	-	1,028,121	1,370,440	-	2,401,663
Liquidity gap as at 31 December 2024	189,891	50,929	517,889	4,741,683	-	5,500,392
Cumulative liquidity gap as at 31 December 2024	189,891	240,820	758,709	5,500,392	5,500,392	
	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	311,147	-	-	-	-	311,147
Loans to customers	26,789	79,599	1,723,832	6,281,925	-	8,112,145
	337,936	79,599	1,723,832	6,281,925	-	8,423,292
Financial liabilities						
Term-borrowings	9,741	-	-	3,276,830	-	3,286,571
Debt securities in issue	-	-	350,000	-	-	350,000
	9,741	-	350,000	3,276,830	-	3,636,571
Liquidity gap as at 31 December 2023	328,195	79,599	1,373,832	3,005,095	-	4,786,721
Cumulative liquidity gap as at 31 December 2023	328,195	407,794	1,781,626	4,786,721	4,786,721	

22 Fair Value of Financial Instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- level one is measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
- level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
- level three measurements are valuations not based on observable market data (that is, unobservable inputs).

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

22 Fair Value of Financial Instruments (continued)***Assets and liabilities not measured at fair value but for which fair value is disclosed***

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term nature concluding of such financial instrument's contracts on market terms. Fair value of loans to customers, term-borrowings and debt securities in issue is determined as Level 2 category and have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

23 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt Instruments at FVOCI, (c) equity Instruments at FVOCI and (d) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently.

As at 31 December 2024 and 31 December 2023, financial assets of the Company comprise cash and cash equivalents and loans to customers which are classified as financial assets at AC.

24 Events After the Reporting Period

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of these financial statements.

LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

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