Kyrgyz Investment and Credit Bank CJSC

Consolidated Financial Statements
for the year ended 31 December 2024
and Independent Auditors' Report

Contents

Statement of Management's Responsibilities for the Preparation and Approval of Consolidated Financial Statements for the year ended 31 December 2024

Management of Kyrgyz Investment and Credit Bank CJSC ("the Bank") is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Bank and its subsidiary (collectively – "the Group") as of 31 December 2024, and the related consolidated statements of profit or loss and other comprehensive income for the year then ended, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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

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

Management is also responsible for:

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

The consolidated financial statements for the year ended 31 December 2024 were approved by the Management on 17 March 2025 and signed on its behalf by:

Mr. R. Zakir Mahmood *Chairman of the Board of Directors*	Mr. Arif Ali *Chief Executive Officer*	Mr. Nurdin Ilebaev *Chief Finance Officer*

Grant Thornton

Independent Auditor's Report

ОсОО Грант Торнтон

КР, 720001 Бишкек,
ул. Токтогула 125/1

Т. +996 312 97 94 90,
Ф. +996 312 97 94 91

Grant Thornton LLC
125/1 Toktogul Str.
720010 Bishkek, KR

T + 996 312 97 94 90
F + 996 312 97 94 91
www.grantthornton.kg

To Shareholders and Board of Directors of CJSC Kyrgyz Investment and Credit Bank

Opinion

We have audited the consolidated financial statements of Kyrgyz Investment and Credit Bank Closed Joint Stock Company (hereinafter –Bank), which comprise the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank as of December 31, 2024, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted the audit in accordance with International Auditing Standards and the requirements prescribed by the Regulation "On Minimum Requirements for External Audit of Banks and Other Financial and Credit Institutions Licensed by the National Bank of the Kyrgyz Republic (hereinafter - "NBKR"), approved by Resolution of the NBKR Board dated June 15, 2017 No. 2017-P-12/25-2-(NPA) (in the latest version of Resolution No. 2024-P of the Board of the National Bank of the Kyrgyz Republic dated April 12, 2024-12/17-2- (NPA)) (hereinafter referred to as "NBKR requirements"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Standards of Independence) The International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements applicable to our audit of financial statements in the Kyrgyz Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information About the Prior Audit

The consolidated financial statements for the year ended December 31, 2023, were audited by another auditor, who expressed an unmodified opinion on those statements on March 26, 2024.

GrantThornton

Key Audit Matters

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

Expected Credit Losses (ECL)

The provisions for expected credit losses are considered a key audit matter due to the significant nature of loans to customers and the subjectivity of the assumptions underlying the impairment assessment. The use of various judgments and assumptions can lead to significantly different results in the estimation and provisioning for expected credit losses, which may have a material impact on the Bank's financial performance.

Key areas of judgment include the interpretation of impairment requirements under IFRS 9 as reflected in the Bank's expected credit loss model, disclosures related to significant deterioration in credit quality, and assumptions used in the expected credit loss model, such as the financial condition of third parties, expected future cash flows, and forecasted macroeconomic factors. Additionally, it includes the need for supplementary measures to account for current or future external factors that are not sufficiently reflected in the expected credit loss model.

Regarding the impairment methodology, the following audit procedures were performed:

- The Bank's impairment provisioning policy based on IFRS 9 was reviewed and compared with the requirements of IFRS 9.
- The structure of relevant control mechanisms for the information used in determining the expected credit loss provision was assessed, and their operational effectiveness was tested, including transactional data obtained at the time of loan issuance, current internal credit quality assessments, expected credit loss model data, and the servicing interface.
- The design of relevant control mechanisms for the expected credit loss model was evaluated, and their operational effectiveness was tested, including model construction and validation, ongoing monitoring/review, model management, and arithmetic accuracy.
- The reasonableness of the Bank's determination of significant increases in credit risk and risk classification across different stages was reviewed.
- The accuracy of financial instrument stage classification was verified based on a selected sample of risks.
- Key modeling assumptions were assessed and tested, with particular attention given to the key assumptions adopted by the Bank and the sensitivity of provisions to changes in modeling assumptions.
- Discussions were held with management regarding the forward-looking assumptions used in the Bank's expected credit loss calculations, during which these assumptions were validated using publicly available information.
- Typical risk examples were analyzed, and procedures were implemented to ensure the timely identification of risks related to significant deterioration in credit quality and the assessment of expected losses for individually assessed risks.
- For data obtained from external sources, the selection process, relevance to the Bank, and the control and management mechanisms for such data were reviewed.

- Our IT specialists were involved in areas requiring specialized expertise (e.g., data reliability and expected credit loss modeling).

- The accuracy of disclosures in the consolidated financial statements was assessed.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Bank's Issuer's Quarterly Report for the first quarter of 2025 but does not include the consolidated financial statements and our auditor's report thereon. The Bank's Issuer's Quarterly Report for the first quarter of 2025 is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express an assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the National Bank of the Kyrgyz Republic (NBKR) requirements, 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 consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

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

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

From the matters communicated with those charged with governance, we determine 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

The engagement partner on the audit resulting in this independent auditor's report is Armen Vanyan.

Armen Vanyan

Director/ Partner
Qualification certificate of the auditor
Series A No. 0264 dated July 11, 2016

March 17, 2025
Bishkek

Grant Thornton LLC
License to conduct audit activities.
State Service for Regulation and Supervision of the Financial Market
under the Government of the Kyrgyz Republic, May 3, 2013.

USD'000	Note	2024	2023
Interest income calculated using the effective interest method on interest bearing assets	7	60,217	47,866
Interest expense	7	(24,955)	(17,910)
Net interest income before allowance for expected credit losses on interest bearing assets		**35,262**	**29,956**
Recovery of/(allowance for) expected credit losses on interest-bearing assets	8	1,036	556
Net interest income		**36,298**	**30,512**
Fee and commission income	9	12,460	13,114
Fee and commission expense	9	(9,181)	(7,993)
Net fee and commission income		**3,279**	**5,121**
Insurance revenue	10	2,489	2,122
Insurance service expenses	10	(1,105)	(546)
Net expenses from reinsurance contracts	10	(772)	(1,175)
Insurance service result		**612**	**401**
Net foreign exchange gain	11	15,058	13,613
Share of profit in associate	21	1,647	1,728
Dividend income	21	521	331
Other operating income	12	497	268
Loss on modification of financial assets		(28)	(22)
Operating income before other administrative expenses, impairment loss on non-financial assets and tax		**57,884**	**51,952**
Recovery/(charge) of impairment losses	13	(105)	935
Personnel expenses	14	(18,429)	(14,980)
Other general administrative expenses	15	(13,387)	(12,103)
Profit before income tax		**25,963**	**25,804**
Income tax expense	16	(2,548)	(2,644)
Profit for the year		**23,415**	**23,160**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(56)	(345)
Other comprehensive income for the year, net of income tax		**(56)**	**(345)**
Total comprehensive income for the year		**23,359**	**22,815**
Profit attributable to:			
Equity holders of the Bank		23,186	22,920
Non-controlling interest		229	240
		23,415	**23,160**
Total comprehensive income attributable to:			
Equity holders of the Bank		23,060	22,684
Non-controlling interest		299	131
		23,359	**22,815**

The consolidated financial statements as set out on pages 12 to 99 were approved by the Management on 17 March 2025 and signed on its behalf by:

Mr. R. Zakir Mahmood
Chairman of the Board of Directors

Mr. Arif Ali
Chief Executive Officer

Mr. Nurdin Ilebaev
Chief Finance Officer

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 12 to 99.

USD'000	Note	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	17	506,137	320,079
Deposits in foreign banks	18	9,989	-
Loans to customers	19	258,736	233,680
Investment securities at amortised cost	20	21,073	7,906
Investment in associate	21	8,453	6,800
Property, equipment and intangible assets	23	30,501	27,209
Right-of-use assets	24	3,301	3,306
Insurance contract assets	25	871	802
Reinsurance contract assets	25	1,957	1,241
Other assets	26	32,298	23,596
Total assets		**873,316**	**624,619**
LIABILITIES			
Deposits and balances from banks and other financial institutions	28	19,014	10,069
Current accounts and deposits from customers			
- Current accounts and deposits from corporate customers	29	395,036	194,132
- Current accounts and deposits from retail customers	29	246,492	213,760
Debt securities issued	30	-	1,613
Lease liabilities	27	3,587	3,416
Other borrowed funds	31.1	55,660	58,478
Subordinated debt	31.2	988	1,113
Deferred income tax liabilities	16	1,354	1,328
Insurance contract liabilities	25	2,692	1,830
Reinsurance contracts liabilities		223	589
Other liabilities	32	15,265	18,645
Total liabilities		**740,311**	**504,973**
EQUITY			
Share capital	35	23,000	23,000
Share premium		495	495
Cumulative translation reserve		(1,357)	(1,231)
Other reserves	35	9,287	9,287
Retained earnings		98,384	85,198
Total equity attributable to equity holders of the Bank		**129,809**	**116,749**
Non-controlling interest	22	3,196	2,897
Total equity		**133,005**	**119,646**
Total liabilities and equity		**873,316**	**624,619**

The consolidated financial statements as set out on pages 12 to 99 were approved by the Management on 17 March 2025 and signed on its behalf by:

Mr. R. Zakir Mahmood
Chairman of the Board of Directors

Mr. Arif Ali
Chief Executive Officer

Mr. Nurdin Ilebaev
Chief Finance Officer

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 12 to 99.

USD'000	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		56,913	46,260
Interest payments		(24,959)	(18,515)
Fee and commission receipts		12,459	13,114
Fee and commission payments		(9,181)	(7,993)
Insurance premiums received		2,508	2,174
Insurance premiums paid to reinsurers		(1,479)	(1,623)
Net insurance claims paid		417	(150)
Net receipts from foreign exchange spot transactions		15,200	13,524
Other income receipts		567	806
Personnel expenses		(19,320)	(14,822)
Other general administrative expenses		(10,799)	(7,198)
(Increase)/decrease in operating assets			
Loans to customers		(18,543)	(55,507)
Deposits in foreign banks		(10,000)	5,001
Other assets		(9,389)	5,503
Increase/(decrease) in operating liabilities			
Deposits and balances from banks and other financial institutions		9,122	(5,552)
Current accounts and deposits from customers		234,733	34,294
Other liabilities		(1,388)	(486)
Net cash from operating activities before income tax paid		**226,027**	**8,830**
Income tax paid		(1,959)	(1,488)
Cash flows from operations		**224,068**	**7,342**
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associated company	21	481	290
Purchases of investment securities at amortised cost		(8,900)	(6,334)
Redemption of investment securities at amortised cost		(6,951)	-
Purchases of property, equipment and intangible assets		**(15,370)**	(9,538)
Cash flows used in investing activities			**(15,582)**
CASH FLOWS FROM FINANCING ACTIVITIES		(1,644)	
Placement/redemption of debt securities issued	31.3	(1,100)	(95)
Repayment of lease liabilities	31.3	12,181	(1,054)
Receipt of other borrowed funds	31.3	(16,225)	42,313
Repayment of other borrowed funds	31.3	(10,000)	(12,674)
Repayment of subordinated debt		(53)	(75)
Cash flows from/(used in) financing activities		**(16,841)**	**28,415**
Net increase in cash and cash equivalents		**191,857**	**20,175**
Effect of changes in exchange rates on cash and cash equivalents		(5,872)	(6,140)
Cash and cash equivalents at the beginning of the year	17	**320,079**	305,838
Effect of changes in ECL on cash and cash equivalents		73	206
Cash and cash equivalents at the end of the year	**17**	**506,137**	**320,079**

The consolidated financial statements as set out on pages 12 to 99 were approved by the Management on 17 March 2025 and signed on its behalf by:

Mr. R. Zakir Mahmood
Chairman of the Board of Directors

Mr. Arif Ali
Chief Executive Officer

Mr. Nurdin Ilebaev
Chief Finance Officer

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 12 to 99.

	Attributable to equity holders of the Bank							
USD'000	**Share capital**	**Share premium**	**Cumulative translation reserve**	**Other reserves**	**Retained earnings**	**Total equity attributable to owners**	**Non-controlling interest**	**Total**
Balance on 1 January 2023	**17,500**	**495**	**(995)**	**9,287**	**67,778**	**94,065**	**2,766**	**96,831**
Profit for the year	-	-	-	-	22,920	22,920	240	23,160
Other comprehensive income								
Foreign currency translation differences	-	-	(236)	-	-	(236)	(109)	(345)
Total comprehensive income for the year	-	-	**(236)**	-	**22,920**	**22,684**	**131**	**22,815**
Increase in authorized and issued capital	5,500	-	-	-	(5,500)	-	-	-
Balance on 31 December 2023	**23,000**	**495**	**(1,231)**	**9,287**	**85,198**	**116,749**	**2,897**	**119,646**
Balance on 1 January 2024	**23,000**	**495**	**(1,231)**	**9,287**	**85,198**	**116,749**	**2,897**	**119,646**
Profit for the year	-	-	-	-	23,186	23,186	229	23,415
Other comprehensive income								
Foreign currency translation differences	-	-	(126)	-	-	(126)	70	(56)
Total comprehensive income for the year	-	-	**(126)**	-	**23,186**	**23,060**	**299**	**23,359**
Dividends declared	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Balance on 31 December 2024	**23,000**	**495**	**(1,357)**	**9,287**	**98,384**	**129,809**	**3,196**	**133,005**

The consolidated financial statements as set out on pages 12 to 99 were approved by the Management on 17 March 2025 and signed on its behalf by:

Mr. R. Zakir Mahmood
Chairman of the Board of Directors

Mr. Arif Ali
Chief Executive Officer

Mr. Nurdin Ilebaev
Chief Finance Officer

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 12 to 99.

1 Reporting entity

(a) Principal activities

The Bank was established in the Kyrgyz Republic as a closed Joint-Stock Company on 19 January 2001.

On 7 August 2000, the State Property Management Fund under the Government of the Kyrgyz Republic (the "State Property Management Fund"), Aga Khan Fund for Economic Development ("AKFED"), DEG – Deutsche Investitions - und Entwicklungsgesellschaft mbH ("DEG"), European Bank for Reconstruction and Development ("EBRD"), International Finance Corporation ("IFC") and Kreditanstalt fur Wiederaufbau ("KfW") signed an International Financial Agreement ("IFA") for the creation of a financial-economic organisation with the purpose of long-term development of the economy of the Kyrgyz Republic. The IFA was duly authorised by Presidential Decree #303 dated 25 October 2000.

The Bank possesses general banking licence № 046 from the National Bank of the Kyrgyz Republic ("NBKR") issued on 22 June 2017.

The principal activities of the Bank are deposit taking and customer account maintenance, lending, issuing guarantees, cash and settlement transactions and operations with securities and foreign exchange. The activities of the Bank are regulated by the NBKR.

As of 31 December 2024, the Bank had 23 branches and 30 sub-branches located throughout the Kyrgyz Republic (31 December 2023: 23 branches and 30 sub-branches).

The registered office of the Bank is located at: 21 Erkindik Boulevard, Bishkek 720040, the Kyrgyz Republic.

As of 31 December 2024 and 2023, the Bank has subsidiary Jubilee Kyrgyzstan Insurance Company CJSC, incorporated in the Kyrgyz Republic. The primary business activity of Jubilee Kyrgyzstan Insurance Company CJSC is insurance of property, vehicle (including third party liability), life, contractors' all risks, and other insurance.

As of 31 December 2024 and 31 December 2023 the share of ownership of the Bank in Jubilee Kyrgyzstan Insurance Company CJSC comprises 51% of share capital.

(b) Shareholders

The Group has a controlling entity represented by AKFED, a member of the Aga Khan Development Network (AKDN), which is a group of private, international, non-denominational development agencies. AKDN is governed by Ismaili Imamat. His Highness the Aga Khan, the founder and chairman of AKDN is the 49th hereditary Imam (Spiritual Leader) of the Shia Imami Ismaili Muslims. The Ismaili Imamat is a supra-national entity and has no shareholders with 20% or more shares.

On 12 December 2022 AKFED, IFC, EBRD and DEG signed a Share Purchase and Sale Agreement according to which IFC, EBRD and DEG (together referred as International Financial Institutions – "IFIs") sold 3,500 shares each to AKFED. The transaction was registered by the Bank`s shareholders on 31 January 2023. As a result of the sale the share ownership of AKFED increased to 66%.

Based on the General Sale and Purchase Agreement dated 14 December 2017 and the Sale and Purchase Agreement dated 12 December 2022, the agreements for the sale of the last shareholdings in IFIs were concluded in December 2023. On 28 February 2024, KICB registered the transfer of shares from IFIs to AKFED (each of the listed entities - EBRD, IFC and DEG - transferred 2% of the shares to AKFED).

As of 31 December 2024 and 2023, the Bank's ownership structure was as follows:

Shareholders	2024 %	2023 %
Aga Khan Fund for Economic Development	72	66
Habib Bank Limited	18	18
The State Property Management Fund under the Government of the Kyrgyz Republic	10	10
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH	-	2
European Bank for Reconstruction and Development	-	2
International Finance Corporation	-	2
Total	**100**	**100**

2 Adoption of new and revised Standards

(a) New and amended IFRS Accounting Standards that are effective for the current year

In the current year the Bank has applied the following new and revised IFRS Accounting Standards that are applicable to its operations and effective from 1 January 2024, published by the International Accounting Standards Board (IASB) and the Interpretations Committee (IC).

The nature and impact of these changes are described below.

New and revised standards and interpretations effective for annual periods beginning on or after 1 January 2024

The following new standards and amendments adopted for the first time in 2024 did not have a material impact on the Bank's financial statements.

- Classification of Liabilities as Current and Long-term (Amendments to IAS 1),

- Lease liabilities in sale and leaseback transactions (Amendments to IFRS 16),

- Supply Chain Financing Arrangements (Amendments to IAS 7 and IFRS 7),

- Long-term Liabilities with Covenants (Amendments to IAS 1).

Except for the amendments to IAS 1 and amendments to IFRS 2 Practical Application of IFRS 2 Accounting Policy Disclosures presented below, the other standards and amendments did not have a significant impact on the Bank's financial statements.

Amendments to IAS 1 and practical application of IFRS 2 Accounting Policy Disclosures

The amendments to IAS 1 and IFRS Practical Application 2 provide guidance and examples to help entities apply judgements about materiality when disclosing accounting policies. The amendments are intended to help entities provide more useful information about accounting policies by replacing the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies and adding guidance on how entities should apply the concept of materiality.

(b) New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the International Accounting Standards Board (IASB) had issued a number of new standards, amendments and interpretations to existing standards, but these are not yet effective and have not been early adopted by the Bank.

Management expects that all applicable provisions will be incorporated in the Bank's accounting policies from the first period after the effective date.

Management does not expect these amendments to have a material impact on the Bank's financial statements. These standards, amendments and interpretations are summarised below:

- No Interchangeability (Amendment to IAS 21)

- Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

- IFRS 18 Presentation and Disclosure of Financial Statements

- IFRS 19 Subsidiaries that do not provide public reporting.

3 Basis of preparation

(a) Statement of compliance

These financial statements are the consolidated financial statements of Kyrgyz Investment and Credit Bank CJSC ("the Bank") and its subsidiary company Jubilee Kyrgyzstan Insurance Company CJSC (together referred to as "the Group").

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

(b) Operating environment

The economic conditions of the Kyrgyz Republic during 2024 were similar to 2023. The global economy has almost overcome outbreaks of COVID-19 but one of the main geopolitical upheavals (Russia-Ukraine issue) is still in force with all matters of sanctions on Russian Federation. This continues to influence the Kyrgyz market as in the past year.

Laws and regulations affecting businesses in Kyrgyzstan continue to change. The future economic direction of the Kyrgyz Republic is heavily influenced by the fiscal and monetary policies adopted by the government together with developments in the legal, regulatory, and political environment. In 2024 the Kyrgyz government made a set of serious fiscal and administrative measures on (i) tax and customs supervision, (ii) strengthening financial control in the state and public companies and entities.

The nominal GDP in 2024 outreached 1,5 trillion soms which is significantly higher than in previous periods. The volume of industrial production in January-December 2024 was more than 585 billion soms and compared to January-December 2023 increased by 5.5 per cent due to growth in the production of purified oil products (by 1.9 times), wooden and paper products, printing activities (by 30.5 per cent), food products (including beverages) and tobacco products (by 20.1 per cent), in textile production, clothing production (by 15.3 per cent), pharmaceutical products (by 21.7 per cent), rubber, plastic products and construction materials (by 10.8 per cent), as well as mining (by 4.0 per cent).

(https://stat.gov.kg/ru/news/po-itogam-2024-goda-rost-vvp-sostavil-9-procentov/).

The socio-political situation in 2024 can be characterized as relatively stable. As for real GDP growth rate the government forecasts 109.0% in 2024. In addition, some factors should be taken into consideration:

-further price increase and growth of inflation,

-extension of Russian sanctions and the appropriate influence,

-unsustainable work of energy sector.

The business community in general was still under some pressure of uncertainties with the new taxation policy, macroeconomic factors, exchange rate volatility. The government announced a big fight with corruption and organized crime, and a series of high-profile arrests of different officials and businessmen swept across the country. The business society kept watching the macroeconomic and public policy. The state authorities continued to announce their adherence to the sound economic strategy, large increase in public income within the state budget, significant expansion of taxpayers due to introduction of new technologies (pos-terminals, cards, digital services etc.) and, thus, decrease in the shadow economy.

In 2024 the monetary policy was implemented in conditions of uncertainty from external factors, inflation pressure and trade balance deficit. Based on the above factors the National Bank of the Kyrgyz Republic (Regulator) was quite cautious on its monetary policy. The Regulator continued to tighten its policy. The reporting period was closed with the NBKR key rate at 13% with no signal that it may go down rapidly. At the beginning of the year 2024 the Regulator required to increase Share capital for all banks but at different levels (depending on size of a bank). As for a local foreign exchange market, the situation was still characterized by an excess of demand for US dollars but the marginality on foreign currency transactions squeezed significantly.

(c) Going concern preparation basis

These consolidated financial statements have been prepared assuming that the Group is a going concern and will continue operation for the foreseeable future. In making this assumption, the management considered the Group's financial position, current intentions, profitability of operations and access to financial resources.

As of 31 December 2024 and 2023, and during the years then ended, the Group kept its liquidity at high level (K3.1, liquidity level requirement per NBKR, was 69.1% and 62.4%, accordingly, while the minimum requirement is not less than 45%). Management believes that despite the available early withdrawal option and the fact that a large portion of customers' accounts is on demand, diversification of these customer accounts and deposits by number and type of depositors, and the past positive experience of the Group indicate that these customer accounts provide a long-term and stable source of funding. Management will pay further thorough attention to the matter of liquidity adhering to the appropriate conservative policy in this point.

Taking into account the ongoing political and business environment development in the country, the Management believes that the Group will be able to continue as going concern.

(d) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for transactions with derivative financial instruments, which are measured at fair value through profit or loss and insurance and reinsurance contracts which are measured at the estimated fulfilment cash flows that are expected to arise as the company fulfils its contractual obligations.

(e) Functional and presentation currency

The national currency of the Kyrgyz Republic is the Kyrgyz Som ("KGS").

Management has determined the Bank's functional currency to be the US Dollar ("USD") as it reflects the economic substance of the underlying events and circumstances relevant to the Bank. According to the International Financial Agreement, on the basis of which the Bank was originated and is operating (Note 1(a)), the Bank has unique operating conditions that are different from common market conditions for other commercial banks within the same economic environment.

During 2024 management re-evaluated the primary and secondary factors, which include the currency in which sales prices are denominated; the currency that influences the labour and other costs; the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. Management also considered the changes in the primary business environment, in which the Bank operates, which have evolved over time. Despite the Bank's mission has not changed, over the years the Bank gradually shifted its strategy towards retail segment development. The Bank's structure of financing has changed accordingly, and the Bank now relies mostly on financing from customer deposits rather than from financial institutions, however the vast portion of the customer deposits are denominated in USD - 40% of total liabilities. Moreover, the significant portion of the Bank's operations are still denominated in USD – 45% of total assets and 42% of total liabilities. Further, the Bank continues to retain the major portion of its cash in USD – 37% of total assets.

Considering all relevant facts and circumstances above and the unique rights such as a denomination of the charter capital in USD, keeping accounting books and records in USD and the absence of significant events or changes in operations of the Bank since its establishment, management concluded that USD best reflects the currency of the primary economic environment in which the Group currently operates.

The functional currency of the Group's subsidiary is Kyrgyz Som ("KGS"). The USD is also the presentation currency for the purposes of these consolidated financial statements.

Financial information presented in USD is rounded to the nearest thousand.

4 Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries) made up to 31 December each year. Control is achieved when the Bank:

- Has the power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Bank, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss account from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of OCI (other comprehensive income) are attributed to the owners of the Bank and to the non-controlling interests (NCI). Total comprehensive income of the subsidiaries is attributed to the owners of the Bank and to the NCI even if this results in the NCI having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation, with the exception of foreign currency gains and losses on intragroup monetary items denominated in a foreign currency of at least one of the parties.

NCI in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the NCI's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other NCI are initially measured at fair value. Subsequent to acquisition, the carrying amount of NCI is the amount of those interests at initial recognition plus the NCI's share of subsequent changes in equity.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases.

(b) Interest

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as of fair value through profit or loss (FVTPL) are recognised in ‘Net interest income’ as ‘Interest income’ and ‘Interest expense’ in the profit or loss account using the effective interest method.

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance) or to the amortised cost of the liability. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets purchased or originated credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For information on when financial assets are credit-impaired, see Note 4(d).

Presentation

Interest income calculated using the effective interest method presented in the consolidated statement of profit or loss and other comprehensive income includeы interest on financial assets measured at amortised cost.

Interest expense presented in the consolidated statement of profit or loss and other comprehensive income includes financial liabilities measured at amortised cost.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, nostro accounts held with the NBKR and other banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

(d) Financial assets and financial liabilities

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as of FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as of FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income using the effective interest method;
- Expected Credit Losses (ECL) and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss (see Note 4(m)(ii)) unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings and other reserves for general banking risks on disposal of an investment.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as of FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on *Modification and derecognition of financial assets* described below.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

Reclassification

Financial liabilities are not reclassified subsequent to their initial recognition.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as of FVOCI is not recognised in profit or loss on derecognition of such securities, as explained in Note 4(d). Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, expire or substantially modified (Note 4(d)).

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in interest rates initiated by the Group due to changes in the NBKR key rate, if the loan agreement entitles the Group to do so.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities.

To determine if the modified terms are substantially different from the original contractual terms the Group considers qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, covenants.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Group further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Gain or loss on modification is presented as modification gains/losses in the consolidated statement of profit or loss and other comprehensive income.

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change in the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Impairment

See also Note 5.

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 5).

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and 'Stage 3' financial instruments (if the financial instruments are credit-impaired).

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- *financial guarantee contracts:* the present value of expected payments to reimburse the holder less any amounts that the Bank expects to recover.

See also Note 5.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see Note 4(d)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see Note 5).
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the consolidated statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(e) Loans to customers

'Loans to customers' caption in the consolidated statement of financial position includes loans to customers measured at amortised cost (see Note 4(d)); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

(f) Investment securities at amortised cost

The 'investment securities at amortised cost' caption in the consolidated statement of financial position includes debt investment securities measured at amortised cost (see Note 4(d)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

(g) Deposits, other borrowed funds, debt securities issued and subordinated liabilities

Deposits, other borrowed funds, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(h) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees and loan commitments are included in other liabilities.

Loan commitments are not recognised, except for the following:

- loan commitments that the Group designates as financial liabilities at fair value through profit or loss;
- if the Group has a past practice of selling the assets resulting from its loan commitments shortly after origination, then the loan commitments in the same class are treated as derivative instruments;
- loan commitments that can be settled net in cash or by delivering or issuing another financial instrument;
- commitments to provide a loan at a below-market interest rate.

(i) Property and equipment

Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date when the assets become available and ready for use. The Group estimated useful lives of the property and equipment as follows:

Buildings	50 years;
Constructions	15 years;
Leasehold improvements	3 years;
Fixtures and fittings	5 years;
Equipment	3-5 years;
Motor vehicles	5 years.

Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalisation.

(j) Lease agreements

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

As a lessee

As a lessee, the Group recognises right-of-use assets (Note 24) and lease liabilities (Note 31) for most leases – i.e. these leases are on-balance sheet.

As a lessor

The Bank entered into a number of preliminary installment purchase and sale agreements for the seized collateral. These contracts are classified by the Bank as finance lease receivables under IFRS 16 because the Bank has transferred these assets for use to the lessee for a consideration, at the end of the contract term ownership of the assets passes to the buyer, and at the beginning of the contract term the present value of payments is substantially all fair value of the asset being sold.

(k) Foreclosed assets

Foreclosed assets are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(l) Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(ii) Dividends

The ability of the Group to declare and pay dividends is subject to the rules and regulations of Kyrgyz legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

(n) Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Insurance contracts

Comparative Information

As of the transition date to IFRS 17 the Group did not reveal any insurance contracts in force with coverage period exceeding one year except for individual savings life policies to which the Group has applied approach used previously. For all other policies the Group had applied Premium Allocation Approach (PPA) under which measurement of remaining coverage liabilities in general is similar to calculation of unearned premiums reserve under IFRS 4. At estimation of liabilities for incurred claims the Group did not discount future cash flows as they are expected to be paid in one year or less from the date the claims are incurred.

(i) Classification of contracts

Contracts under which the Group accepts significant insurance risk from another party (the “policyholder”) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the “insured event”) adversely affects the policyholder or other beneficiary are classified as insurance contracts.

Insurance risk is the risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Insurance risk is significant if, and only if, an insured event could cause the Group to pay significant additional benefits. Once a contract is classified as an insurance contract, it remains classified as an insurance contract until all rights and obligations are extinguished or expire.

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as financial instruments.

(ii) Recognition and derecognition

Insurance contracts issued are initially recognized from the earliest of the following: the beginning of the coverage period; the date when the first payment from the policyholder is due or actually received, if there is no due date; and when the Group determines the contract becomes onerous.

Reinsurance contracts held that cover the losses of the separate insurance contracts on a proportional basis (proportionate or quota share reinsurance) is recognised at the later of: the beginning of the coverage period of the insurance policy; or initial recognition of any underlying insurance contract. The Group does not recognize a quota share reinsurance contract held until it has recognized at least one of the underlying insurance contracts.

Reinsurance contracts held that cover aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts – excess of loss reinsurance) is recognized at the beginning of the coverage period.

Insurance contract is derecognized when it is: extinguished (when the obligation specified in the insurance contract expires or discharged or cancelled); or the contract is modified and certain additional criteria are met.

(iii) Measurement

Contracts measured under Premium Allocation Approach (PAA)

In the non-life segment, the Group uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

- *Insurance contracts:* The coverage period of each contract in the group is one year or less.
- *Loss-occurring reinsurance contracts:* The coverage period of each contract in the group is one year or less.
- *Risk-attaching reinsurance contracts:* The Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies using contractual service margin (CSM). When comparing the different possible measurements, the Company considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to the group if any.

The Group has chosen to expense insurance acquisition cash flows when they are incurred if the coverage period for each contract in the group is one year or less.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognized as insurance revenue for services provided. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

Insurance contract balances as well as amounts due arising from incurred claims settlement within insurance assets on initial recognition are measured at fair value of consideration received or receivable. Subsequent to initial recognition assets are measured at amortized cost using the effective interest rate less impairment allowance which is calculated on the basis of expected credit losses.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognizes a loss in profit or loss.

Reinsurance contracts

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Claim amounts recoverable from reinsurers on initial recognition are measured at fair value of consideration received or receivable. Subsequent to initial recognition assets are measured at amortized cost using the effective interest rate less impairment allowance which is calculated on the basis of expected credit losses.

Reinsurance assets for remaining coverage on initial recognition are measured at the reinsurance premiums payable. Subsequently, carrying amount of the asset for remaining coverage is increased by any reinsurance premium paid and decreased by the amount recognized within insurance services result from reinsurance contracts held.

Reinsurance assets for incurred claims are estimated at amount of expected cash flows recoverable from reinsurers under the reinsurance contracts held and consistent with the amounts recognized within liability for incurred claims. Any subsequent change in estimated recoverable fulfillment cash flows are adjusted as changes that relate to past services. The future cash flows are discounted (at current rates) unless they are expected to be received in one year or less from the date the claims are incurred.

Liability for incurred claims

The Group recognizes the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

(iv) Amounts recognized in statement of profit or loss and other comprehensive income

Insurance revenue

The amount of insurance revenue recognized within the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Group expects to be entitled in exchange for those services.

For contracts with period of coverage of 12 months or less the Group applies premium allocation approach under which the Group recognizes insurance revenue based on the passage of time over the coverage period of the insurance contracts.

Insurance services expenses

Insurance service expenses include the following:

- incurred claims and benefits;
- other incurred directly attributable insurance service expenses;
- insurance acquisition cash flows;
- changes that relate to the past service;
- changes that relate to future service (losses/ reversals on onerous groups of contracts from changes in the loss component, if any).

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

Insurance services result from reinsurance contracts held

The Group presents financial performance of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contract held, comprising the following amounts:

- reinsurance expense;
- any amounts recovered from reinsurers including commissions and incurred claims recovery;
- other incurred directly attributable insurance service expense;

- changes relating to past service.

The Group recognizes an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

(v) Liability for incurred claims - key assumptions

The process used to determine the assumptions is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out annually. The assumptions are checked to ensure that they are consistent with observable market prices or other published information. There is, however, a general lack of publicly available information on the Kyrgyz insurance market that would be relevant to identification of assumptions and sensitivities.

The nature of the business makes it difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated when new information arises. The estimates are based on information currently available. The impact of many of the items affecting the ultimate cost of the loss is difficult to estimate. The estimation difficulties of liabilities for incurred claims also differ by class of business due to differences in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

Management believes that due to the short-tail nature of the majority of the Group's business, the performance of the Group's portfolio is sensitive mainly to changes in expected loss ratios. The expected loss ratio is estimated as the ratio of the sum of expected claims and change in claim reserves to earned premiums. The Group adjusts its insurance tariffs on a regular basis, based on the latest developments in these variables so that any emerging trends are taken into account.

5 Critical accounting judgements and key sources of estimation uncertainty

Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgement, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical accounting judgements

Judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL, which are described in section below.

Apart from ECL judgements and assumptions, the Group also performs judgements on whether the initial measurement of loans provided to entities for developmental purposes by development banks (or similar multilateral or governmental financial institutions) is equal to its transaction price. The relevant matter was disclosed in Note 32.

These borrowings were issued to the Group for financing the state business, agro-industrial and other development programs. Contractual interest rates on the loans mentioned are lower than average market interest rates. In connection with the direct usage of borrowed loan funds for loan issue the management believes that the contractual interest rates are market rates for such loans, and therefore the Group initially recognizes such financial instruments at fair value, which is equal to the nominal value.

The Group uses judgement to determine its functional currency as USD for reporting and presentation purposes. The management evaluation of relevant facts and circumstances in determining the functional currency is included in Note 3(e).

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is described as impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.

For information on the Group's financial risk management framework, see Note 34.

Credit risk - Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposure	All exposures (corporate and retail exposures)
• Information obtained during periodic review of customer files – e.g. financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes;	• Payment record – this includes overdue status as well as a range of variables about payment ratios;
• Quoted bond and credit default swap (CDS) prices for the borrower where available;	• Utilisation of the granted limit; • Requests for and granting of forbearance;
• Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.	• Existing and forecast changes in business, financial and economic conditions.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by economic sector, region and by type of product and borrower as well as by credit risk grading.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Significant increase in credit risk

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting period. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. What is considered significant will differ for different types of lending, in particular between corporate and retail. Management makes judgement in relation to SICR criteria for loans forborne whether forbearance was caused by temporary deterioration of financial performance of the borrower or the borrower's financial performance, its business, loan repayment discipline and other factors indicate significant deterioration of borrower's financial position.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as of the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

The Group uses the following criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD);
- backstop of 30 days past due;
- the Bank may analyze the restructuring of large corporate loans with a balance of more

  than 500 (five hundred) thousand US dollars to determine whether the restructuring is "good" or "bad". If a loan underwent a "bad" restructuring within 12 months prior to the reporting date, the loan is considered impaired and is assigned to Stage 3. At the same time, if a "good" restructuring was applied to a loan within 12 months prior to the reporting date, it is assigned an impairment stage according to other quantitative and qualitative characteristics.
- qualitative indicators.

The credit risk may be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experience.

For corporate borrowers with significant EAD, SICR criteria is assessed on individual basis and the Group monitors SICR factors via analysis of their projected cash flow, financial performance and business prospects where corporate borrowers operate. The monitoring of corporate borrowers is performed via following measures:

- Review of the potential solvency of the borrower. The Group compares the customer's discounted projected cash flows until the end of the loan term with the loan outstanding balance at the reporting date.
- Review of historical solvency. The Group checks the borrower's loan repayment discipline and restructuring history, if any.
- Review of the business activity. The Group conducts a general review of the borrower's source of income for the presence of high risk factors.

Review the change in the market value of the security of the borrower.

The occurrence of one of the following qualitative indicators signals an increase in credit risk (Stage 2) for non-impaired individually significant corporate loans (whose total outstanding loans exceed USD 1 (one) million at the reporting date):

- Positive answers to two or more Stage 2 questions on the impairment criteria checklist.
- Provided projected cash flows do not cover fully, but cover more than 60% of the current loan balance of the borrower.

- In the economic sector of the borrower there are negative events that might impact its activities.
- The loan's collateral is not allowed to undergo any legal registration actions, such as collection processes, or if the fair value of the collateral has decreased by over 50%.

The presence of one of the following qualitative indicators is an impairment criterion (Stage 3) for individually significant corporate loans:

- Positive answers to two or more Stage 3 questions on the impairment criteria checklist;
- The projected cash flows are less than 60% of the current loan balance.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency of forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrated good behaviour to provide evidence that its credit risk has declined sufficiently.

Events that impact loan impairment

Stage 1 (12-month PD)

Risk category 1

- Loans without overdue or with overdue of 7 or less days at the reporting date.

Risk category 2

- Loans with overdue for more than 7 days, but less than or equal to 30 days at the reporting date.

Stage 2 (lifetime PD)

Risk category 3

- Loans with overdue for more than 30 days, but less than or equal to 60 days at the reporting date;
- In the event of natural disasters, civil unrest, military conflicts, fire, and other force majeure circumstances that affect the activities or the collateral value of the borrower;
- Analysis of the creditworthiness of corporate borrowers with a loan balance of more than USD 1 (one) million (or the equivalent of this amount in another currency) at the reporting date, identifying 2 or more triggers based on the results of the financial condition of the borrower:

  1. DSCR (Debt Service Coverage Ratio) for investment loans or DCR (Debt Coverage Ratio) for working capital is less than 1.0 but more than 0.6;
  2. Bankruptcy of the main buyer or exclusive supplier with a revenue share of 50% or more;
  3. Identification of hidden financial debts of the client exceeding 30% of the total assets;
  4. Decrease in capital by more than 50%, excluding distribution of profits for the previous reporting period.

- Delay in the implementation of the investment project by more than 12 months;
- Restructuring the loan once in the last 9 months due to temporary decrease in the borrower's liquidity, due to factors such as: seasonal purchases, border closures, investments in the modernization of fixed assets, etc. or softening the terms of the loan in order to retain the borrower;
- Loans previously were restructured and transferred from category 5 with a new stabilization period of 6 months;
- Repayment of principal and loan interest, the term of which is more than 3 years, is carried out at the end of the loan period;
- Information about death of the borrower.

Risk category 4

- Loans with overdue for more than 60 days, but less than or equal to 90 days at the reporting date.

Stage 3 (PD 100%)

Risk category 5: "Default"

- The borrower has an internal rating (score) corresponding to the level of impairment according to the internal methodology (internal models) of the Bank – "non-accrual status";
- Significant financial difficulties of the borrower;
- Presence of overdue debt on principal and/or interest for more than 90 calendar days;
- Loan restructuring one or more times in the last 9 months due to a significant deterioration in the financial condition of the borrower;
- Loss of active market share due to financial difficulties of the borrower;
- Presence of information on force majeure, as well as other circumstances that have caused significant material damage to the borrower or do not allow it to continue its activities, for example, the suspension or suspension of a license for activities;
- High probability of bankruptcy or other kind of financial reorganization, as well as involvement in the proceedings of the borrower, which may worsen its financial condition;
- Non-targeted use of a loan issued by a Bank, unless otherwise provided by the decision of the organization (borrower) in agreement with the Bank.

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative – e.g. breaches of covenant, projected cash flow, financial performance and business prospects;
- quantitative – e.g. overdue status, restructuring; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group formulates three economic scenarios: a basic case, which is the median scenario and two less likely scenarios, one optimistic and one pessimistic. Followings are probability of occurring of different scenarios for loan portfolio segments:

%	**Basic**	**Optimistic**	**Pessimistic**
Corporate	67	17	17
Consumer	67	17	17
Mortgage	63	17	21
SME – Agriculture	71	13	17
SME – Trade – in national currency	58	21	21
SME – Trade – in foreign currency	67	17	17
Micro loans	67	17	17

The basic scenario is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies in the country where the Group operates, such as the National Statistic Committee and the Ministry of Economy of the Kyrgyz Republic and selected private sector forecasters.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The economic scenarios used for loan portfolio as of 31 December 2024 included the following key indicators for the Kyrgyz Republic for the years ending 31 December 2025, 2026.

Loans	**Macroeconomic variables**	**Scenarios**	**2025**	**2026**
Corporate	Export (in million USD)	Basic	3.666	3,548
		Optimistic	4.204,95	4,086,95
		Pessimistic	3.127,05	3,009,05
	USD exchange rate (average)	Basic	89	89
		Optimistic	86,89	86,89
		Pessimistic	91,11	91,11
Consumer	Export (in million USD)	Basic	3.666	3,548
		Optimistic	4.204,95	4,086,95
		Pessimistic	3.127,05	3,009,05
	USD exchange rate (average)	Basic	89	89
		Optimistic	86,89	86,89
		Pessimistic	91,11	91,11
Mortgage	Export (in million USD)	Basic	3,666	3,548
		Optimistic	4,204,95	4,086,95
		Pessimistic	3,127,05	3,009,05
	USD exchange rate (average)	Basic	89	89
		Optimistic	86,09	86,09
		Pessimistic	91,91	91,91
SME – Agriculture	Export (in million USD)	Basic	89	89
		Optimistic	86,89	86,89
		Pessimistic	91,11	91,11
	USD exchange rate (average)	Basic	106	104,7
		Optimistic	112,07	110,77
		Pessimistic	99,93	98,63
SME – Trade – in national currency	Export (in million USD)	Basic	105,8	105,3
		Optimistic	101,36	100,86
		Pessimistic	110,24	109,74
	USD exchange rate (average)	Basic	89	89
		Optimistic	86,89	86,89
		Pessimistic	91,11	91,11
SME – Trade – in foreign currency	Export (in million USD)	Basic	3,666	3,548
		Optimistic	4,204,95	4,086,95
		Pessimistic	3,127,05	3,009,05
	USD exchange rate (average)	Basic	89	89
		Optimistic	86,89	86,89
		Pessimistic	91,11	91,11
Micro loans	Export (in million USD)	Basic	3,666	3,548
		Optimistic	4,204,95	4,086,95
		Pessimistic	3,127,05	3,009,05
	USD exchange rate (average)	Basic	89	89
		Optimistic	86,89	86,89
		Pessimistic	91,11	91,11

Predicted relationships between the key indicator and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data for the period from 2012 to 2023.

The Group applies projections of the Ministry of Economy of the Kyrgyz Republic (MEKR) and AKFED. Forecasts of MEKR for the period of 2024-2027 were issued in September 2024.

Projected values of macro variables and their data source is provided below:

Macroeconomic variable	Data source
GDP growth rate	MEKR
Nominal GDP	MEKR
Nominal GDP w/o Kumtor	MEKR
Inflation rate (CPI)	MEKR
Average nominal wage	MEKR
Export	MEKR
Import	MEKR
Average USD exchange rate	AKFED
USD exchange rate	AKFED

The table below outlines the total ECL per portfolio as of 31 December 2024, if each of the key assumptions used change by plus or minus 10%. The changes are applied in isolation for illustrative purposes, and are applied to each probability weighted scenarios used to develop the estimate of expected credit losses. In reality there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

Loans to customers	Macroeconomic variables	As expected	Average PD	Average LGD	ECL change USD'000
Corporate	Export and USD exchange rate (average)	+10%	12,17%	42,37%	14
		-10%	12,04%	42,37%	(15)
Consumer	Export and USD exchange rate (average)	+10%	3,69%	55,02%	(20)
		-10%	3,96%	55,02%	23
Mortgage	Export and USD exchange rate (average)	+10%	3,56%	38,96%	(29)
		-10%	4,02%	38,96%	40
SME Agriculture	USD exchange rate (period end) and GDP growth	+10%	9,97%	52,06%	4
		-10%	9,89%	52,06%	(4)
SME Trade FCY	Export and USD exchange rate (average)	+10%	10,76%	33,47%	(6)
		-10%	11,07%	33,47%	6
SME Trade KGS	Consumer price index and USD exchange rate (period end)	+10%	6,67%	52,64%	16
		-10%	6,56%	52,64%	(16)
Micro	Export and USD exchange rate (average)	+10%	6,08%	47,58%	(33)
		-10%	6,36%	47,58%	39

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 4(di).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 4(d)). A customer needs to demonstrate consistently good payment behavior over time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD. The methodology of estimating PDs is discussed above under the heading "Generating the term structure of PD".

The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, The Loan-to-Value (LTV) ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD is potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the guarantee exposure when the financial guarantee becomes payable.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- customer type;
- financial instrument disbursement purpose;
- industry, etc.

PD

	Stage 1 (categ.1-2)	Stage 2 (categ.3-4)	Stage 3 (categ.5)
Consumer	2.4%-26.0%	40.3%-61.4%	100.0%
Micro	2.3%-26.3%	41.2%-61.6%	100.0%
Mortgage	1.3%-15.8%	37.3%-71.9%	100.0%
SME Trade KGS	2.2%-25.7%	38.5%-51.3%	100.0%
SME Trade FCY	3.5%-23.0%	43.0%-54.9%	100.0%
SME Agriculture	7.0%-29.9%	46.6%-57.4%	100.0%
Corporate	2.7%-24.7%	46.6%-75.1%	100.0%

Exposures

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

			External benchmarks used	
31 December 2024	**Exposure USD'000**	**Moody's rating**	**12m PD**	**LGD**
Balances with the NBKR	161,986	B3	3.45	63.60
Treasury bills of the Ministry of Finance of the Kyrgyz Republic	22,156	B3	3.45	63.60

			External benchmarks used	
31 December 2023	**Exposure USD'000**	**Moody's rating**	**12m PD**	**LGD**
Balances with the NBKR	64,084	B3	3.53	63.61
Notes of the NBKR	20,509	B3	3.53	63.61
Treasury bills of the Ministry of Finance of the Kyrgyz Republic	7,982	B3	3.53	63.61

6 Segment reporting

The Group discloses information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. This matter is regulated by IFRS 8 *Operating segments* and other standards that require special disclosures in the form of segmental reporting.

IFRS 8 defines an operating segment as follows. An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

The Group's reportable segments under IFRS 8 are therefore as follows:

- Banking – represented by the principle activities of the parent company Kyrgyz Investment and Credit Bank CJSC;
- Insurance – represented by the main activity of the subsidiary company Jubilee Kyrgyzstan Insurance Company CJSC.

Segment information about these businesses comprises:

USD'000	2024			
Continuing operations	**Banking**	**Insurance**	**Eliminations**	**Total**
Interest income	60,174	63	(20)	60,072
Interest expense	(24,976)	-	20	24,956
Allowance for expected credit losses on interest-bearing assets	1,009	26	-	1,217
Fee and commission income	12,465	-	(5)	12,460
Fee and commission expense	(9,181)	-	-	(9,181)
Net income from insurance operations	-	983	(371)	612
Net foreign exchange income	15,161	(103)	-	15,058
Share of profit in associate and dividend income	2,244	-	(76)	2,168
Other operating income	327	286	(115)	498
Loss on modification of financial assets	(28)	-	-	(28)
Total operating income	**57,194**	**1,255**	**(567)**	**57,881**
Impairment losses on other transactions	(104)	**-**	**-**	**(104)**
Personnel expenses	(17,987)	(442)	-	(18,430)
Other general and administrative expenses	(13,091)	(312)	17	(13,386)
Profit before income tax	**25,011**	**501**	**(550)**	**25,962**
Income tax	(2,513)	(34)	-	(2,546)
Profit after tax	**23,498**	**467**	**(550)**	**23,415**
Segment assets	867,699	6,660	(1.042)	**873,317**
Segment liabilities	738,224	3,054	(967)	**740,310**

USD'000	2023			
Continuing operations	**Banking**	**Insurance**	**Eliminations**	**Total**
Interest income	47,798	86	(18)	47,866
Interest expense	(17,928)	-	18	(17,910)
Allowance for expected credit losses on interest-bearing assets	524	(8)	40	556
Fee and commission income	13,114	-	-	13,114
Fee and commission expense	(7,993)	-	-	(7,993)
Net income from insurance operations	-	745	(344)	401
Net foreign exchange income	13,513	100	-	13,613
Share of profit of associate	2,114	-	(54)	2,059
Other operating income	35	288	(55)	268
Loss on modification of financial assets	(22)	-	-	(22)
Total operating income	**51,155**	**1,211**	**(413)**	**51,952**
Impairment losses on other transactions	935	-	-	935
Personnel expenses	(14,583)	(397)	-	(14,980)
Other general and administrative expenses	(12,233)	(269)	399	(12,103)
Profit before income tax	**25,272**	**545**	**(14)**	**25,804**
Income tax	(2,587)	(57)	-	(2,644)
Profit after tax	**22,686**	**488**	**(14)**	**23,160**
Segment assets	620,361	6,110	(1,852)	624,619
Segment liabilities	504,297	2,559	(1,882)	504,974

7 Net interest income

USD'000	2024	2023
Interest income calculated using the effective interest method on interest bearing assets		
Loans to customers	42,768	33,918
Cash and cash equivalents	15,858	12,999
Investment securities at amortised cost	1,486	844
Deposits in foreign banks	105	105
	60,217	**47,866**
Interest expense		
Current accounts and deposits from customers	(17,996)	(13,681)
Other borrowed funds	(6,188)	(3,624)
Lease liabilities	(333)	(309)
Debt securities issued	(149)	(198)
Subordinated debt	(72)	(72)
Deposits and balances from banks and other financial institutions	(216)	(26)
	(24,955)	**(17,910)**
Net interest income before allowance for expected credit losses on interest bearing assets	**35,262**	**29,956**

8 Recovery of /allowance for expected credit losses on interest-bearing assets

USD'000	2024	2023
Cash equivalents	62	223
Placements with other banks	26	32
Loans to customers	1,922	210
Investment securities at amortised cost	(921)	(353)
Deposits in foreign banks	(26)	-
Credit related commitments	(27)	444
	1,036	**556**

9 Fee and commission income and expense

USD'000	2024	2023
Fee and commission income		
Payment card fees	6,489	7,320
Settlement fees	3,665	3,375
Cash transaction fees	2,054	1,972
Guarantee and letter of credit issuance fees	121	63
Fee income from insurance agreements	-	174
Other	131	210
	12,460	**13,114**
Fee and commission expense		
Payment card fees	(6,426)	(6,306)
Settlement fees	(1,722)	(1,268)
Other	(1,033)	(419)
	(9,181)	**(7,993)**

Total Fee and Commission Income relate to Banking segment of the Group. Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it provides a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition in accordance with IFRS 15
Banking service	The Group provides banking services to retail and corporate customers, including account management, payment card, cash and settlement transactions, guarantees and letter of credit issuance, provision of overdraft facilities, foreign currency transactions and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis. The Group sets the rates separately for retail and corporate customers. Transaction-based fees for interchange, foreign currency transactions, guarantees and letter of credit issuance fees and overdrafts are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates.	Revenue from account service and servicing fees is recognized over time as the services are provided. Revenue related to transactions, settlement fees, and payment card fees are recognised at the point in time when the transaction takes place.

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see Note 4(d)).

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

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

As of 31 December 2024 and 2023, there are no performance obligations that have an original expected duration of one year or more as required by IFRS 15.

10 Net income from insurance operations

2024

USD'000	**Life insurance**	**Non-life insurance**	**Total**
Insurance revenue - savings individual life insurance contracts	7	-	7
Insurance revenue measured under premium allocation approach	241	2,241	2,482
Insurance revenue	**248**	**2,241**	**2,489**

USD'000	**Life insurance**	**Non-life insurance**	**Total**
Losses on onerous contracts and their reversals	-	(335)	**(335)**
Incurred claims and other directly attributable expenses	-	(689)	**(689)**
Changes that relate to past services - adjustments to the life insurance contracts	(2)	(79)	**(81)**
Insurance expenses	**(2)**	**(1,103)**	**(1,105)**

USD'000	Life insurance	Non-life insurance	Total
Reinsurance expense	(102)	(1,680)	**(1,782)**
Claims recoveries	-	186	**186**
Changes that relate to past services - adjustments to incurred claims	-	637	**637**
Other directly attributable incurred claims and incomes accrued	25	162	**187**
Net expenses from reinsurance contracts	**(77)**	**(695)**	**(772)**

2023

USD'000	Life insurance	Non-life insurance	Total
Insurance revenue - savings individual life insurance contracts	2	**-**	**2**
Insurance revenue measured under premium approach allocation	224	1,896	**2,120**
Insurance revenue	**226**	**1,896**	**2,122**

USD'000	Life insurance	Non-life insurance	Total
Losses on onerous contracts and their reversals	(53)	(141)	**(194)**
Incurred claims and other directly attributable expenses	15	(287)	**(272)**
Changes that relate to past services - adjustments to the life insurance contracts	(3)	(77)	**(80)**
Insurance expenses	**(41)**	**(505)**	**(546)**

USD'000	Life insurance	Non-life insurance	Total
Reinsurance expense	(96)	(1,526)	**(1,622)**
Claims recoveries	34	55	**89**
Changes that relate to past services - adjustments to incurred claims	(15)	198	**183**
Other directly attributable incurred claims and incomes accrued	22	153	**175**
Net expenses from reinsurance contracts	**(55)**	**(1,120)**	**(1,175)**

11 Net foreign exchange gain

USD'000	2024	2023
Gain on spot transactions	15,200	13,707
Loss from revaluation of financial assets and liabilities	(142)	(94)
	15,058	**13,613**

12 Other operating income

USD'000	2024	2023
Income from Elsom e-wallet	340	343
Other income	225	137
Other operating income	**565**	**480**
	(67)	
Loss from sale of foreclosed property	(1)	(212)
Other operating expense	**(68)**	**(212)**
Total other operating income, net	**497**	**268**

13 Recovery/(charge) of impairment losses

USD'000	2024	2023
Other assets	105	935
	105	**935**

14 Personnel expenses

USD'000	2024	2023
Employee compensation	16,322	13,087
Payroll related taxes	2,107	1,893
	18,429	**14,980**

15 Other general administrative expenses

USD'000	2024	2023
Depreciation and amortization (Note 23,24)	4,533	3,975
SWIFT and IT maintenance	2,025	1,542
Taxes other than on income	973	904
Security	919	884
Deposit Insurance Fund	579	756
Rent expenses	415	381
Advertising and marketing	405	354
Board meeting	363	327
Professional services	352	321
Staff trainings	289	307
ATM and plastic cards expenses	251	244
Audit fee	171	225
Repairs and maintenance	171	223
Office supplies	162	222
Communication	163	181
Motor expenses	141	147
Travel	44	144
Mobile banking fees	26	19
Other general and administrative expense	1,405	947
	13,387	**12,103**

16 Income tax

Under the IFA signed between the founders of the Group and the Kyrgyz Republic (Note 1), the Group applies IFRS results for taxation purposes and for tax reporting by the Group, except for the difference in loan loss provisioning and depreciation costs.

According to the Tax Code of Kyrgyz Republic for the computation of taxable profit, the Group is entitled to deduct impairment reserves from the aggregated annual income, accrued in accordance with the NBKR "Regulation on classification of assets and accruals of provision for covering potential losses" #9504 registered in Ministry of Justice of the Kyrgyz Republic dated 23 August 2004. The amount of loan loss provisions in consolidated financial statements is formed in accordance with the requirements of IFRS Accounting Standards.

Deferred tax assets/liabilities as of 31 December 2024 and 2023 comprise:

USD'000	2023	Changes	2024
Deferred tax assets/(liabilities) in relation to:			
Cash and cash equivalents	33	(5)	28
Loans to customers	(1,000)	(88)	(1,088)
Investments securities	36	92	128
Property, equipment and intangible assets	(120)	6	(114)
Other assets	(100)	106	6
Credit related commitments	(51)	(77)	(128)
Other liabilities	(126)	(64)	(190)
Net deferred tax liabilities	**(1,328)**	**(30)**	**(1,358)**

USD'000	2022	Changes	2023
Deferred tax assets/(liabilities) in relation to:			
Cash and cash equivalents	54	(21)	33
Loans to customers	(946)	(54)	(1,000)
Investments securities	1	35	36
Property, equipment and intangible assets	(59)	(61)	(120)
Other assets	(79)	(21)	(100)
Credit related commitments	(39)	(12)	(51)
Other liabilities	-	(126)	(126)
Net deferred tax liabilities	**(1,068)**	**(256)**	**(1,328)**

In 2024, the Group's applicable tax rate for current tax is 10% (2023: 10%).

The effective tax rate reconciliation is as follows for the years ended 31 December 2024 and 2023:

USD'000	2024	2023
Current year tax expense	2,518	2,384
Deferred tax expense related to origination and reversal of temporary differences recognised in profit or loss	30	260
Income tax expense	**2,548**	**2,644**

USD'000	2024	Effective tax rate	2023	Effective tax rate
Profit before tax	**25,963**	**100%**	**25,804**	**100%**
Income tax at the applicable tax rate	2,596	10%	2,580	10%
Tax effect of non-deductible/ non-taxable items	49)	(0,2%)	64	0.2%
Income tax expense	**2,548**	**9,8%**	**2,644**	**10.2%**

17 Cash and cash equivalents

USD'000	31 December 2024	31 December 2023
Cash on hand	**65,397**	**42,628**
Nostro accounts with the NBKR	**68,297**	**44,085**
Loss allowance	(676)	(443)
Net nostro accounts with the NBKR	**67,621**	**43,642**
Nostro accounts with other banks		
- rated from AA- to AA+	36,163	-
- rated from A- to A+	2,783	40,152
- rated BBB	5,585	13,626
- rated from BB- to BBB	4,563	-
- rated from B- to B+	125	538
- rated from C to CCC	390	-
- not rated	16	1,669
Total nostro accounts with other banks	**49,625**	**55,985**
Loss allowance	(107)	(399)
Net total nostro accounts with other banks	**49,518**	**55,586**
Cash equivalents		
Term deposits with the NBKR	**93,689**	**19,999**
Loss allowance	(6)	(9)
Net term deposits with the NBKR	**93,683**	**19,990**
- Term deposits with other banks		
- rated AAA	50,092	20,099
- rated from AA- to AA+	78,634	-
- rated from A- to A+	-	63,045
- rated BBB	81,202	35,541
- rated from BB- to BB+	-	10,079
- rated from B- to B+	-	9,016
- rated above CCC	20,036	-
Total term deposits with other banks	**229,964**	**137,780**
Loss allowance	(46)	(20)
Net total term deposits with other banks	229,918	**137,760**
Notes of the NBKR	**-**	20,509
Loss allowance	-	(36)
Net notes of the NBKR	**-**	**20,473**
Total cash equivalents	**323,601**	**178,223**
Total cash and cash equivalents	**506,137**	**320,079**

As of 31 December 2024 and 2023, net nostro accounts with the NBKR include USD 61,882 thousand and USD 39,624 thousand, respectively, comprising obligatory reserves in the NBKR. The Group's ability to withdraw from such accounts is not restricted by the Kyrgyz legislation.

The above table is based on the credit ratings assigned by Standard & Poor's or other agencies converted into Standard & Poor's scale. Not rated banks are represented by three Russian Banks and one payment Centre, whose ratings were withdrawn.

As of 31 December 2024, the Group has six banks (2023: six banks), whose balances exceed 10% of equity. The gross value of these balances as of 31 December 2023 is USD 406,679 thousand (2023: USD 244,199 thousand).

18 Deposits in foreign banks

USD'000	31 December 2024	31 December 2023
Time deposit in foreign banks		
- rated above BB-	10,015	-
Total time deposit in foreign banks	10,015	
Impairment allowance	(26)	-
Net total time deposit in foreign banks	**9,989**	**-**

On 19 December 2024, the Bank has placed time deposit amounted USD 10,000 millions in Credit Europe Bank NV, the Netherlands for a period of six months (180 days). The interest rate is 4.25%

per annum. Accrued interest income as of 31 December 2024 is USD 15 thousand. The deposit maturity date is June 2025.

19 Loans to customers

USD'000	31 December 2024	31 December 2023
Loans to corporate customers	**59,818**	**76,313**
Loans to retail customers and SME		
Small and medium business loans (SME)	87,911	75,618
Consumer loans	29,296	19,514
Mortgage loans	37,572	32,038
Micro loans	55,113	42,909
Total loans to retail customers and SME	**209,892**	**170,079**
Gross loans to customers	**269,710**	**246,392**
Allowance for expected credit losses	(10,974)	(12,712)
Net loans to customers	**258,736**	**233,680**

(a) Industry and geographical analysis of the loan portfolio

Loans to customers are issued primarily to customers located within the Kyrgyz Republic, who operate in the following economic sectors:

USD'000	31 December 2024	31 December 2023
Loans to corporate customers, small business loans and loans issued to retail customers		
Trade	72,494	85,089
Agriculture	34,422	29,106
Manufacturing	16,466	14,476
Construction	5,185	7,427
Financial and credit institutions	2,646	4,510
Transport and communication	8,634	6,073
Other	24,885	22,093
Consumer loans	67,406	45,559
Mortgage loans	37,572	32,059
Gross loans to customers	**269,710**	**246,392**
Allowance for expected credit losses	(10,974)	(12,712)
Net loans to customers	**258,736**	**233,680**

(b) Significant credit exposures

As of 31 December 2024 and 2023, the Group has no borrowers whose loan balances exceed 10% of equity.

As of 31 December 2024, the average nominal interest rate on loans and advances to customers ranges from 13% to 26% for loans in KGS (2023: 13% to 26%) and from 8% to 12% for loans in USD, EUR and other currencies (2023: 8% to 13%).

As of 31 December 2024, the concentration risk of the Bank's loan portfolio is represented by a concentration of loans amounting to USD 45,781 thousand (2023: USD 46,778 thousand) from the 10 largest borrowers and related parties, or 18% (2023: 21%) of the total loan portfolio.

(c) Foreclosed property

During the year ended 31 December 2024, the Group obtained certain assets by taking possession of collateral for loans to customers with a net carrying amount of USD 991 thousand (2023: USD 1,254 thousand). As of 31 December 2024 and 2023, foreclosed property comprise:

USD'000	31 December 2024	31 December 2023
Real estate	675	594
Other assets	-	15
Total foreclosed property (Note 26)	**675**	**609**

The Group's policy is to sell these assets as soon as it is practicable.

(d) Assets pledged

As of 31 December 2024, loans to customers with a carrying value of USD 19,531 thousand (2023: USD 12,223 thousand) serve as collateral for loans provided to the Group by the State Mortgage Company and the Ministry of Finance of the Kyrgyz Republic (Note 31).

20 Investment securities at amortised cost

	WAIR	31 December 2024 USD'000	WAIR	31 December 2023 USD'000
Held by the Group				
Treasury bills of the Ministry of Finance of the Kyrgyz Republic	15.00%	22,354	16,32%	8,267
		22,354		**8,267**
Allowance for expected credit losses		(1,281)		(361)
		21,073		**7,906**

Investment securities are measured at amortised cost using the effective interest method.

21 Investment in associate

The main operating activity of the Group's associate, "Interbank Processing Center" CJSC ("IPC") is the establishment of the national payment system ELCARD which is used by 21 banks (2023: 21 banks) in the Kyrgyz Republic.

As of 31 December 2024 and 2023, the Group had 34.34% ownership and voting interest in IPC.

The following is summarised financial information for equity accounted investee, not adjusted for the percentage ownership held by the Group:

USD'000	Owner-ship	Total assets	Total liabilities	Revenue	Profit	Group share of net assets	Group share of profit	Dividends received
31 December 2024								
Interbank Processing Center CJSC	34.34%	23,050	2,146	13,870	6,313	7,178	2,168	521
31 December 2023								
Interbank Processing Center CJSC	34.34%	16,609	1,107	12,479	5,996	5,323	2,059	331

The Group received dividends from this investment in 2024 for USD 521 thousand (2023: USD 331 thousand). The reporting date for the associate is 31 December.

22 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

31 December 2024 **USD'000**	**Jubilee Insurance**
NCI percentage	**49%**
Assets	8,536
Liabilities	(3,054)
Net assets	**5,482**
Carrying amount of NCI	3,195
Revenue	2,861
Profit	468
Total comprehensive income	**468**
Profit allocated to NCI	228
OCI allocated to NCI	299
Cash flows from operating activities	(1,315)
Cash flows used in investment activities	1,258
Cash flows used in financing activities (dividends to NCI: nil)	(115)
Net decrease in cash and cash equivalents	**(172)**

31 December 2023 **USD'000**	**Jubilee Insurance**
NCI percentage	**49%**
Assets	7,59
Liabilities	2,55
Net assets	**10,15**
Carrying amount of NCI	2,89
Revenue	2,46
Profit	489
Total comprehensive income	**267**
Profit allocated to NCI	240
OCI allocated to NCI	(109)
Cash flows from operating activities	464
Cash flows from investment activities	(630)
Cash flows used in financing activities (dividends to NCI: nil)	(102)
Net increase in cash and cash equivalents	**(268)**

23 Property, equipment and intangible assets

USD'000	**Buildings and construc-tions**	**Fixtures and fittings**	**Equipment**	**Leasehold improve-ments**	**Motor vehicles**	**Construction in progress and equipment not yet installed**	**Goodwill**	**Computer software and licenses**	**Total**
Cost									
Balance at 1 January 2024	**17,987**	**10,056**	**4,983**	**1,661**	**1,325**	**740**	**475**	**10,999**	**48,226**
Additions	3,349	1,110	32	200	276	2,401	-	251	7,619
Disposals	(16)	(261)	(2)	(35)	(38)	(90)	(475)	-	(918)
Transfers	7	470	915	(7)	-	(1,385)	-	-	-
Balance at 31 December 2024	**21,327**	**11,375**	**5,928**	**1,819**	**1,563**	**1,666**	**-**	**11,250**	**54,927**
Depreciation and amortisation									
Balance at 1 January 2024	**(2,067)**	**(6,899)**	**(3,225)**	**(1,103)**	**(941)**	**-**	**-**	**(6,782)**	**(21,017)**
Depreciation and amortisation for the year	(499)	(1,198)	(552)	(221)	(100)	-	-	(1,089)	(3,659)
Disposals	12	170	2	33	29	-	-	5	251
Balance at 31 December 2024	**(2,554)**	**(7,927)**	**(3,775)**	**(1,291)**	**1,012**	**-**	**-**	**(7,868)**	**(24,427)**
Carrying amount							**-**		
At 31 December 2024	**18,773**	**3,448**	**2,153**	**528**	**551**	**1,666**	**-**	**3,382**	**30,501**

USD'000	Buildings and construc-tions	Fixtures and fittings	Equipment	Leasehold improve-ments	Motor vehicles	Construction in progress and equipment not yet installed	Goodwill	Computer software and licenses	Total
Cost									
Balance at 1 January 2023	**15,467**	**8,616**	**3,462**	**1,374**	**1,137**	**503**	**475**	**8,939**	**39,973**
Additions	2,520	1,309	74	443	188	2,347	-	2,719	9,600
Disposals	(1)	(422)	(9)	(155)	(0)	(63)	-	(697)	(1,347)
Transfers	1	553	1,456	(1)	-	(2,047)	-	38	-
Balance at 31 December 2023	**17,987**	**10,056**	**4,983**	**1,661**	**1,325**	**740**	**475**	**10,999**	**48,226**
Depreciation and amortisation									
Balance at 1 January 2023	**(1,746)**	**(6,412)**	**(2,909)**	**(1,054)**	**(844)**	**-**	**-**	**(6,094)**	**(19,059)**
Depreciation and amortisation for the year	(323)	(885)	(347)	(204)	(97)	-	-	(1,387)	(3,243)
Disposals	2	398	31	155	(0)	-	-	699	1,285
Balance at 31 December 2023	**(2,067)**	**(6,899)**	**(3,225)**	**(1,103)**	**(941)**	**-**	**-**	**(6,782)**	**(21,017)**
Carrying amount									
At 31 December 2023	**15,920**	**3,157**	**1,758**	**558**	**384**	**740**	**475**	**4,217**	**27,209**

As of 31 December 2024 and 2023, property and equipment included fully depreciated property and equipment with a value of USD 15,516 thousand and USD 9,928 thousand respectively.

Goodwill relates to Jubilee Kyrgyzstan Insurance Company CJSC acquired in 2013 (Note 1). The Bank did not perform a goodwill impairment test after the acquisition of the subsidiary as it demonstrated strong financial growth According to the recommendation of the external auditor, goodwill is written off in full in 2024.

Restrictions on property, plant and equipment

As of 31 December 2024, the Group's property, plant and equipment was not encumbered with any restrictions or pledged as security for any liabilities.

Contractual commitments

At the end of 2023, the Group acquired new premises dedicated to information technology in response to the growth in the size of the IT department. The current head office does not have the necessary space to effectively accommodate the growing IT staff.

According to a tender, companies were selected to overhaul, lay and install fibre optic cable for a total amount of USD 477 thousand. The estimated completion date is the end of July 2025.

24 Right-of-use assets

The Group leases branches and sub-branches. The leases typically run for a period from 2 years till 10 years. Lease payments are renegotiated every five years to reflect market rentals.

The branches and sub-branches leases were entered into many years ago as combined leases of land and buildings.

Information about leases for which the Group is a lessee is presented below.

USD'000		
Right-of-use assets	**2024**	**2023**
As of 1 January	6,383	7,544
Additions	266	229
Disposals	(125)	(1,452)
Modifications	603	62
As of 31 December	**7,127**	**6,383**
Accumulated depreciation		
As of 1 January	(3,077)	(3,769)
Charge for the year	(874)	(731)
Disposals	125	562
Modifications	-	861
As of 31 December	**(3,826)**	**(3,077)**
Carrying amount		
As of 1 January	3,305	3,775
As of 31 December	**3,301**	**3,306**

The maturity analysis of lease liabilities is presented in note 34.

USD'000		
Amounts recognised in profit or loss	**2024**	**2023**
Depreciation expense on right-of-use assets	(874)	(731)
Interest expense on lease liabilities	(333)	(309)
Expense relating to short-term leases	(405)	(381)

The total cash outflow for leases amounted to USD 1,289 thousand (2023: USD 1,435 thousand).

25 Insurance contract assets and liabilities

Insurance contract assets comprised the following:

USD'000	**31 December 2024**	**31 December 2023**
Reinsurance contracts assets	1,957	1,241
Insurance contracts assets	871	802
Total insurance and reinsurance contract assets	**2,828**	**2,043**

Insurance contract liabilities comprised the following:

USD'000	**31 December 2024**	**31 December 2023**
Reinsurance contracts liabilities	223	589
Insurance contracts liabilities	2,692	1,830
Total insurance and reinsurance contract liabilities	**2,915**	**2,419**

The movements in assets and liabilities of insurance contracts for the years ended 31 December 2024 and 2023 were as follows:

	2024		
	Liabilities/ (assets) for the remaining part of insurance coverage	**Liabilities/ (assets) for claims incurred**	**Total**
Opening insurance contract liabilities	1,325	505	1,830
Opening insurance contract assets	(726)	(76)	(802)
Net balance as of January 1, 2024	**599**	**429**	**1,028**
Recognized in the statement of financial performance, including:			
Insurance revenue	(2,861)	-	(2,861)
Incurred claims and other directly attributable expenses	-	335	335
Changes that relate to past services	-	689	689
Insurance acquisition expenses	82	-	82
FX impact	28	-	28
Net insurance result	**110**	**1,024**	**1,134**
Total result from insurance contracts	**(2,751)**	**1,024**	**(1,727)**
Non-cash transactions/ offsetting	(19)	-	(19)
FX impact	55	13	68
Impairment	31	(2)	29
	67	**11**	**78**
Cash flows			
Premiums received	2,823	-	2,823
Claims and other directly attributable expenses paid	-	(365)	(365)
Insurance acquisition cash flows	(16)	-	(16)
Total cash flows	**2,807**	**(365)**	**2,442**
Net balance as of December 31, 2024	**722**	**1,099**	**1,821**
Closing insurance contract liabilities	1,487	1,205	2,692
Closing insurance contract assets	(765)	(106)	(871)
Net balance as of December 31, 2024	**722**	**1,099**	**1,821**

	2023		
	Liabilities/ (assets) for the remaining part of insurance coverage	**Liabilities/ (assets) for claims incurred**	**Total**
Opening insurance contract liabilities	1,042	252	1,294
Opening insurance contract assets	(780)	(31)	(811)
Net balance as of January 1, 2023	**262**	**221**	**483**
Recognized in the statement of financial performance, including:			
Insurance revenue	(2,078)	-	(2,078)
Incurred claims and other directly attributable expenses	-	194	194
Changes that relate to past services	-	272	272
Losses on onerous contracts and reversal of these losses	-	-	-
Insurance acquisition expenses	80	-	80
FX impact	33	(11)	22
Finance expenses from insurance contracts issued	-	-	-
Net insurance result	**113**	**455**	**568**
Total result from insurance contracts	**(1,965)**	**455**	**(1,510)**
Non-cash transactions/ offsetting	(61)	16	(45)
Impairment	73	-	73
	12	**16**	**28**
Cash flows			
Premiums received	2,294	-	2,294
Claims and other directly attributable expenses paid	-	(262)	(262)
Insurance acquisition cash flows	(4)	-	(4)
Total cash flows	**2,290**	**(262)**	**2,028**
Net balance as of December 31, 2023	**599**	**431**	**1,029**
Closing insurance contract liabilities	1,325	505	1,830
Closing insurance contract assets	(728)	(75)	(803)
Net balance as of December 31, 2023	**597**	**430**	**1,027**

The movements in assets and liabilities of reinsurance contracts for the years ended 31 December 2024 and 2023 were as follows:

	2024		
	Remaining insurance coverage	**Claims incurred**	**Total**
Opening reinsurance contract assets	944	297	1,241
Opening reinsurance contract liabilities	(563)	(26)	(589)
Net balance as of January 1, 2024	**381**	**271**	**652**
Recognized in the statement of financial performance, including:			
Reinsurance expenses allocation	(1,783)	-	(1,783)
Claims recovered	-	186	186
Changes that relate to past service	-	636	636
Other reinsurance contracts income/expense	187	-	187
FX impact	-	12	12
	187	**834**	**1,021**
Net income (expense) from reinsurance contracts held	**(1,596)**	**834**	**(762)**
Non-cash transactions/ offsetting	**118**	**(78)**	**40**
Cash flows			-
Reinsurance premiums paid net of ceding commissions	1,900	-	1,900
Reinsurance recoveries received	-	(96)	(96)
Total cash flows	**1,900**	**(96)**	**1,804**
Net balance as of December 31, 2024	**803**	**931**	**1,734**
Closing reinsurance contract assets	998	959	1,957
Closing reinsurance contract liabilities	(195)	(28)	(223)
Net balance as of December 31, 2024	**803**	**931**	**1,734**

	2023		
	Remaining insurance coverage	**Claims incurred**	**Total**
Opening reinsurance contract assets	756	179	935
Opening reinsurance contract liabilities	(569)	(26)	(595)
Net balance as of January 1, 2023	**187**	**153**	**340**
Recognized in the statement of financial performance, including:			
Reinsurance expenses allocation	(1,623)	-	(1,623)
Claims recovered	-	89	89
Changes that relate to past service	-	183	183
Other reinsurance contracts income/expense	178	(3)	175
FX impact	64	(10)	54
	242	**259**	**501**
Net income (expense) from reinsurance contracts held	**(1,381)**	**260**	**(1,122)**
Non-cash transactions/ offsetting	**147**	**(128)**	**19**
Cash flows			
Reinsurance premiums paid net of ceding commissions	1,426	-	1,426
Reinsurance recoveries received	-	(12)	(12)
Total cash flows	**1,426**	**(12)**	**1,414**
Net balance as of December 31, 2023	**379**	**272**	**651**
Closing reinsurance contract assets	944	297	1,241
Closing reinsurance contract liabilities	(563)	(25)	(588)
Net balance as of December 31, 2023	**381**	**273**	**653**

26 Other assets

USD'000	**31 December 2024**	**31 December 2023**
Other collateral deposits (VISA and MasterCard)	7,895	7,832
Money transfer receivables	6,762	4,874
Other receivables	9,523	2,228
Finance lease receivable	2,337	1,973
Placements with Kyrgyz banks	841	1,041
Collateral deposit under RKDF credit lines	-	150
Penalty receivables from customers	79	71
Loss allowance	(2,290)	(1,659)
Total other financial assets	**25,147**	**16,510**
Prepayments	5,989	4,986
Materials and supplies	487	1,014
Foreclosed property	675	609
Current tax prepaid	-	477
Total other non-financial assets	7,151	**7,086**
Total other assets	**32,298**	**23,596**

Finance lease

USD'000	**2024**	**2023**
Payments within one year	1,725	1,201
Payments from 1 to 2 years	766	734
Payments from 2 to 5 years	372	545
Total payments	**2,863**	**2,480**
Discount within one year	(357)	(293)
Discount from 1 to 2 years	(124)	(145)
Discount from 2 to 5 years	(45)	(70)
Total discount	**(526)**	**(508)**
Finance lease receivables less unearned finance income total	**2,337**	**1,972**
Impairment allowance on finance lease	(1,244)	(858)
Net finance lease receivables	**1,093**	**1,114**

			2024		
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Not overdue	27	-	-	181	208
Overdue up to 30 days	-	-	-	86	**86**
Overdue 31-60 days	-	-	-	475	**475**
Overdue 61-90 days	-	-	-	60	**60**
Overdue 91-180 days	-	-	5	148	**153**
Overdue more than 180 days	-	-	219	1,136	**1,355**
Impairment allowance on finance lease	(1)	-	(135)	(1,108)	**(1,244)**
Net finance lease receivables	**26**	**-**	**89**	**978**	**1,093**

			2023		
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Not overdue	18	-	-	312	**330**
Overdue up to 30 days	11	-	-	8	**19**
Overdue 31-60 days	-	8	-	35	**43**
Overdue 61-90 days	-	-	-	60	**60**
Overdue 91-180 days	-	-	189	896	**1,085**
Overdue more than 180 days	-	-	132	305	**437**
Impairment allowance on finance lease	(1)	(1)	(153)	(703)	**(858)**
Net finance lease receivables	**28**	**6**	**168**	**913**	**1,116**

Finance lease receivables			**2024**		
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January	29	8	321	1,614	1,972
Transfer to Stage 2	(6)	6	- -	-	-
Transfer to Stage 3	-	(6)	6	-	-
New financial assets originated	143	-	-	839	982
Financial assets that have been repaid	(12)	(8)	(195)	(92)	(307)
Interest income	-	-	21	90	111
Other changes	(127)	-	71	(365)	(421)
Balance at 31 December	**27**	**-**	**224**	**2,086**	**2,337**

	2023				
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January	141	134	103	853	**1,231**
Transfer to Stage 2	(87)	87	-	-	**-**
Transfer to Stage 3	-	(191)	191	-	**-**
New financial assets originated	88	-	-	1,173	**1,261**
Financial assets that have been repaid	(6)	-	(6)	(205)	**(217)**
Interest income	6	3	21	76	**106**
Other changes	(113)	(25)	12	(283)	**(409)**
Balance at 31 December	**29**	**8**	**321**	**1,614**	**1,972**

Loss allowance – Finance lease receivables

	2024				
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January	1	1	153	703	858
Transfer to Stage 2	-	-	-	-	**-**
Transfer to Stage 3	-	-	-	-	**-**
Increases due to change in credit risk	-	-	2	-	**2**
New financial assets originated	80	-	-	472	**552**
Financial assets that have been derecognized	(1)	(1)	(80)	(41)	**(123)**
Changes in models/risk parameters		-	(19)	(26)	**(45)**
Foreign exchange and other movements	**(79)**	**-**	79	-	**-**
Balance at 31 December	**1**	**-**	**135**	**1,108**	**1,244**

	2023				
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January	5	40	46	363	**454**
Transfer to Stage 2	(3)	3	-	-	**-**
Transfer to Stage 3	-	(42)	42	-	**-**
Increases due to change in credit risk	-	0	44	513	**557**
New financial assets originated	27	-	-	-	**27**
Financial assets that have been derecognised	(1)	-	(2)	(87)	**(90)**
Changes in models/risk parameters	(0)	-	(4)	(86)	**(90)**
Foreign exchange and other movements	(27)	-	27		**-**
Balance at 31 December	**1**	**1**	**153**	**703**	**858**

27 Lease liabilities

USD'000		
Maturity analysis	**31 December 2024**	**31 December 2023**
Year 1	1,309	1,171
Year 2	1,201	1,075
Year 3	978	997
Year 4	644	904
Year 5	440	435
Onward	711	650
Total	**5,283**	**5,232**
Less: Unearned interest	(1,696)	(1,816)
Lease liability	**3,587**	**3,416**

28 Deposits and balances from banks and other financial institutions

USD'000	31 December 2024	31 December 2023
Loro accounts	9,291	5,480
Current accounts and deposits from other financial institutions	8,404	3,269
Time deposits of financial institutions in the Kyrgyz Republic	1,319	1,320
	19,014	**10,069**

As of 31 December 2024 and 2023, the Group does not have deposits and balances from banks or financial institutions, whose balances exceed 10% of equity.

29 Current accounts and deposits from customers

USD'000	31 December 2024	31 December 2023
Current accounts and deposits from corporate customers		
- Current accounts and demand deposits	372,376	170,651
- Term deposits	22,660	23,481
	395,036	**194,132**
Current accounts and deposits from retail customers		
- Current accounts and demand deposits	159,714	140,832
- Term deposits	86,778	72,928
	246,492	**213,760**
	641,528	**407,892**

As of 31 December 2024 the Group has customer whose balances exceed 10% of equity (the Group has no customer whose balances exceed 10% of equity as of 31 December 2023).

As of 31 December 2024, the total deposits of the Bank's ten largest customers amounted to USD 201,159 thousand (2023: USD 44,057 thousand) or 31% (2023: 11%) of total customer accounts.

As of 31 December 2024, the nominal interest rate on customer accounts ranges from 4.5% to 16% (2023: 4.5% to 15.5%) in KGS and from 0.5% to 11% in USD, EUR and other freely convertible currencies (2023: 0.3% to 11%).

Analysis of current accounts and deposits from customers by economy sectors is provided in a table below:

USD'000	31 December 2024	31 December 2023
Analysis by economic sector/customer type:		
Public administration and defense	377,927	4,683
Mining	10,408	3,955
Financial services	1,533	4,970
Education	1,797	13,491
Transport, storage and communication	587	34,716
Construction	171	15,590
Health and social work	130	24,335
Tourism	115	1,140
Wholesale and retail trade, repair of motor vehicles	66	27,028
Agriculture, Hunting and Forestry	59	1,005
Manufacturing of other products	2	6,602
Electricity, gas, and water supply	-	598
Food production	-	2,804
Hotels and restaurants	-	1,904
Real estate	-	847
Oil and oil products	-	6,917
Other	2,241	43,546
Individuals	246,492	213,761
Total current accounts and deposits from customers	**641,528**	**407,892**

30 Debt securities issued

USD'000	31 December 2024	31 December 2023
Bonds	-	1,809
Repurchased Bonds	-	(204)
Accrued interest	-	8
	-	**1,613**

USD'000	Issue registration date	Maturity	Fixed coupon rate	Currency	Interest payment terms	31 December 2024	31 December 2023
Bonds of the sixth issue	17/12/2021	17/12/2024	12%	KGS	Quarterly	-	1,613
						-	**1,613**

The Group first entered the stock market in 2013.

In December 2021, the Group registered its sixth issue of 200,000 bonds with a nominal value of KGS 200,000 thousand (KGS 1,000 each). As a result of the sixth bond issue, the Group placed the bonds for a total amount nominal amount of KGS 161,154 thousand at a coupon interest rate of 12% per annum and maturity period of 3 years (until 17 December 2024).

Debt securities are unsecured. As at the end of 2024, the Bank repurchased its bonds in full in accordance with the terms of the issue and repaid liabilities on these securities in full amount.

31 The borrowed funds

31.1. Other borrowed funds

The table below provides details of other borrowed funds as of 31 December 2024 and 2023:

Counterparty	Maturity range	Interest rate range	Currency	31 December 2024 USD'000	31 December 2023 USD'000
IFC	15.09.2024 - 18.09.2027	9.7-12.5%	KGS	12,800	16,948
State Mortgage Company	29.05.2035	3%	KGS	18,683	12,797
Symbiotic	16.05.2024 - 15.12.2027	10.4-15%	KGS	10,322	12,753
EBRD	24.03.2024 - 14.12.2027	9.45-15.4%	KGS	8,611	10,993
KFW	30.06.2033	8%	KGS	1,295	1,414
Accelerate Prosperity	19.06.2025 - 26.09.2029	0-10%	KGS	1,567	1,013
State authorities	20.07.2025 - 25.09.2025	0.1-6.5%	KGS	313	630
RKDF	11.05.2027	1%	USD	-	273
Other borrowed funds				**53,591**	**56,821**
EBRD	21.05.2025 - 26.06.2030	6.5-8%	USD	2,069	1,657
Co-financing facilities				**2,069**	**1,657**
Total borrowed funds				**55,660**	**58,478**

The carrying value of assets pledged and corresponding amount of borrowed funds as of 31 December 2024 and 2023 are as follows:

	31 December 2024		
USD'000	**Carrying amount of collateral**	**Fair value of collateral**	**Carrying amount of other borrowed funds**
Loans from MFKR:			
Loans to customers (Note 19)	1,075	1,075	313
Loan from SMC:			
Loans to customers (Note 19)	18,456	18,456	18,683

During the reporting period, the Bank recorded a breach of the contractual loan ratio on one of the loans. Subsequently, as a result of an agreed increase in the limit on this loan, by the end of the reporting period the Bank was in compliance with all contractual ratios established by the loan agreement

	31 December 2023		
USD'000	**Carrying amount of collateral**	**Fair value of collateral**	**Carrying amount of other borrowed funds**
Loans from RKDF:			
Collateral deposit (Note 26)	150	150	273
Loans from MFKR:			
Loans to customers (Note 19)	1,050	1,050	630
Loan from SMC:			
Loans to customers (Note 19)	12,330	12,330	12,797

The Management of the Group believes that these transactions represent collateralised loans, rather than derivatives, and therefore has presented them on a gross basis. The loans from the RKDF are provided under credit lines agreements, where the deposits pledged under these loans have different maturities and amounts, therefore they are treated as separate instruments.

OJSC State Mortgage Company

On 24 October 2019, the Bank has entered into an agreement with OJSC State Mortgage Company under the program of the Government of the Kyrgyz Republic for affordable housing. The purpose of this program is to create conditions for increasing the affordability of housing in the Kyrgyz Republic. Investment funds are provided to the Bank within the limits of the submitted applications with a nominal interest rate of 3% per annum with a maturity of up to 15 years. Mortgages are issued to clients at 8% annual rate.

Management of the Bank believes that there are no other financial instruments similar to the other borrowed funds received from this institution and due to specific terms and conditions of lending, these products represent a separate market. As a result, other borrowed funds were received in an orderly transaction and as such have been recorded at fair value at the recognition date.

Russian-Kyrgyz Development Fund (RKDF)

In December 2016, the Group also entered into an agreement to support financing of small and medium businesses co-financed by the Russian-Kyrgyz Development Fund. The purpose of this program is lending and support to the economy of the Kyrgyz Republic. The funds are provided to the Bank in the form of a credit line with a nominal interest rate of 1% to 6% per annum with a maturity of up to 7 years. Group issues loans to clients with individual interest rates, but margin should not exceed 4% from the received loan's rate.

Management of the Bank believes that there are no other financial instruments similar to the other borrowed funds received from this institution and due to specific terms and conditions of lending, these products represent a separate market. As a result, other borrowed funds were received in an orderly transaction and as such have been recorded at fair value at the recognition date.

Ministry of Finance of the Kyrgyz Republic (MFKR) and KfW (German Development Bank)

The Bank has also received financing from the Ministry of Finance of the Kyrgyz Republic under numerous agreements which is under the co-program of KfW and MFKR. For instance, the Bank received other borrowed funds from the MFKR under the Government program "Financing of Entrepreneurship" Program, according to which a credit line was opened with the issuance of credit funds in separate tranches. The goal of the Program is to restore and ensure economic and social stability, support business entities in the regions where the economy boost is mostly required. Program's main goal of which is to promote the development of value chains in agriculture under the interest rated ranged from 0.1% till 6.5% in local currency (KGS) by 6 tranches with maturity of three and five years (2023 and 2025). Interest rate issued to clients should not exceed 11% per annum.

Management of the Bank believes that there are no other financial instruments similar to the other borrowed funds received from this institution and due to specific terms and conditions of lending, these products represent a separate market. As a result, other borrowed funds were received in an orderly transaction and as such have been recorded at fair value at the recognition date.

In accordance with the loan agreements signed between the Bank and the Lender, the Bank is obliged to comply with the financial covenants agreed by both parties on a quarterly basis and at the end of the year.

Public Foundation Accelerate Prosperity (AP)

The loans from the Public Foundation Accelerate Prosperity are provided under Cash Transfer Agreement dated April 11, 2022, with cash intended to be used for future loan disbursements having different maturities and amounts. That Agreement is concluded between the parties in order to provide financial and technical support to small- and medium-sized businesses ("Target Group") that operate in the Kyrgyz Republic. KICB agrees to provide loans (target loans) to individual entrepreneurs and commercial organizations within this Target Group. The Parties acknowledge that whether a member of the Target Group has the right to receive a loan depends on their financial solvency and compliance with the requirements stipulated by the credit policy and procedures of the Bank and Accelerate Prosperity.

This program is aimed at stimulating small and growing businesses, financing start-ups, creating jobs in all regions of Kyrgyzstan and strengthening the economy through concessional lending in KGS. AP are provided to the Bank in the form of cash with a nominal interest rate of 3% p.a. and above and a maturity of up to 7 years. The interest rate on the loan for the final borrower is set by the AP each time. At the same time, the Bank's margin shall be 3% per annum of the rate on the loan/cash received.

There are no other financial instruments similar to the other borrowed funds received from this institution and due to specific terms and conditions of lending, these products represent a separate market.

31.2. Subordinated debt

USD'000 Counterparty	Currency	Interest rate	Maturity date	31 December 2024	31 December 2023
Ministry of Finance of the Kyrgyz Republic	EUR	6m Euribor+3.00%	30-Jun-2041	988	1,113
				988	**1,113**

Subordinated debt represents the first credit line from the Ministry of Finance of the Kyrgyz Republic under the Channelling Agreement dated 2 May 2001 provided from the loan from KfW to the Kyrgyz Government.

Per agreement, principal repayments are to be made on semi-annual basis in equal instalments till maturity.

In case of bankruptcy, the repayment of the subordinated debt will be made after repayment in full of all other liabilities of the Group. The Group had no defaults or other violations of the terms and conditions of the subordinated loans regarding to principal and interest during the years ended December 31, 2024 and December 31, 2023.

31.3. Reconciliation of movements of liabilities to cash flows arising from financing activities

USD'000	Liabilities					
	Other borrowed funds	Subordinated borrowings	Debt securities issued	Lease liabilities	Dividends	Total
Balance on 1 January 2024	**58,478**	**1,113**	**1,613**	**3,416**	**-**	**64,620**
Changes from financing cash flows						
Proceeds from other borrowed funds	12,182	-	-	-	-	12,182
Repayment of other borrowed funds	(16,225)	-	-	-	-	(16,225)
Repurchase of debt securities	-	-	(1,644)	-	-	(1,644)
Repayment of subordinated borrowings	-	(53)	-	-	-	(53)
Accrual of dividends	-	-	-	-	10,000	-
Dividend payment	-	-	-	-	(10,000)	-
Repayment of lease liabilities	-	-	-	(766)	-	(766)
Total changes from financing cash flows	**(4,043)**	**(53)**	**(1,644)**	**(766)**	**-**	**(6,506)**
The effect of changes in foreign exchange rates	**1,548**	**(72)**	**39**	**67**	**-**	**1,582**
Other changes						
Interest expense	6,188	72	149	333	-	6,742
Interest paid	(6,511)	(72)	(157)	(333)	-	(7,073)
Recognition of lease liabilities	-	-	-	870	-	870
Balance on 31 December 2024	**55,660**	**988**	**-**	**3,587**	-	**60,235**

Reconciliation of movements of liabilities to cash flows arising from financing activities

USD'000	Liabilities				
	Other borrowed funds	Subordinated borrowings	Debt securities issued	Lease liabilities	Total
Balance at 1 January 2023	**30,339**	**1,135**	**1,773**	**3,984**	**37,231**
Changes from financing cash flows					
Proceeds from other borrowed funds	42,313	-	-	-	42,313
Repayment of other borrowed funds	(12,674)	-	-	-	(12,674)
Issue of debt securities	-	-	(95)	-	(95)
Repayment of subordinated borrowings	-	(75)	-	-	(75)
Repayment of lease liabilities	-	-	-	(1,054)	(1,054)
Total changes from financing cash flows	**29,639**	**(75)**	**(95)**	**(1,054)**	**28,415**
The effect of changes in foreign exchange rates	**(1,948)**	**54**	**(66)**	**224**	**(1,736)**
Other changes					
Interest expense	3,624	72	198	309	4,203
Interest paid	(3,176)	(73)	(197)	(309)	(3,755)
Recognition of lease liabilities	-	-	-	262	262
Balance at 31 December 2023	**58,478**	**1,113**	**1,613**	**3,416**	**64,620**

32 Other liabilities

USD'000	31 December 2024	31 December 2023
Money transfer payables	1,609	6,191
Accrued administrative expenses	3,047	4,288
KfW "Company Support" account	357	333
Other financial liabilities	8,885	5,806
Total other financial liabilities	**13,898**	**16,618**
Provision on credit related commitments	256	241
Other taxes payable	816	504
Prepayment of interest, made by the MF of KR	38	88
Other non-financial liabilities	2,916	73
Income tax liability	1,610	1,121
Total other non-financial liabilities	**5,636**	**2,027**
Total other liabilities	**19,534**	**18,645**

33 Share capital

(a) Issued capital and share premium

As of December 31, 2024 the authorised, issued and outstanding share capital comprises 230,000 ordinary shares (2023:230,000 ordinary shares). All shares have a nominal value of USD 100. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Group.

On March 15, 2023 the National Bank of the Kyrgyz Republic (NBKR) adopted a Resolution "On the minimum amount of Share and own (regulatory) capital of commercial banks" No. 2023-P-17-16-4-(NPA). According to this resolution, the minimum amount of Share Capital for KICB had to be increased to a minimum of KGS 2 billion by July 1, 2023.

Increasing of the authorized and issued capital to the amount of USD 5,500 thousand was due to retaining earnings of the Bank.

(b) Cumulative translation reserves

The cumulative translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation.

(c) Other reserves

Other reserves include appropriations of retained earnings to a reserve for general banking risks and research & development reserves.

In its 69th Meeting held on 9th March 2007, the Board of Directors approved creation of "Reserve for General Banking Risks (including risks from credit activities)" within shareholder's equity. The creation of reserves is based on prudent requirement as the reserve balance provide cushion for the market risk.

In its 190th Meeting held on 28th February 2018, Shareholders of the Bank approved establishing special reserve for research & development in the amount of USD 2,000 thousand.

As of 31 December 2024, the reserve for general banking risks amounts to USD 7,287 thousand (2023: USD 7,287 thousand) and research & development reserves amounts to USD 2,000 thousand (2023: USD 2,000 thousand).

(d) Dividends

Dividends payable are restricted to the maximum retained earnings of the Bank, which are determined according to the legislation of the Kyrgyz Republic. In 2024 the Bank declared and distributed a dividend of USD 10,000 thousand (in 2023 the Bank did not declare dividends) while Jubilee paid USD 121 thousand in 2024 (2023: USD 153 thousand).

34 Risk management

Management of risk is fundamental to the business of banking and is an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk, liquidity risk, and operational, country, legal and reputational risks.

(a) Risk management policies and procedures

The risk management policies aim to identify, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice. The Group has developed a system of reporting on risk trends and capital position.

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies as well as approving significantly large exposures.

The Management is responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within the established risk parameters. The Head of the Risk Management Department is responsible for identifying, measuring, monitoring and controlling of risks. Head of Risk Management department reports directly to the Board of Directors.

Credit risks both at the portfolio and transactional levels are managed and controlled through a system of Credit Committees. In order to facilitate efficient and effective decision-making, the Group established a hierarchy of credit committees depending on the type and amount of the exposure. Market and liquidity risks are managed and controlled by the Asset and Liability Management Committee (ALCO)

Both external and internal risk factors are identified and managed throughout the organisation. Particular attention is given to identifying the full range of risk factors and determination of the level of assurance over the current risk mitigation procedures.

Risk Management Department prepares periodic risk position reports for consideration and review of Management, Board Risk Management Committee and the Board of Directors, which cover the Group's significant risk issues. The reports include recommendations for improvement.

The Group controls operational risks through set of policies and procedures. The Group manages operational risk by establishing internal controls that management determines to be necessary in each area of its operations. As such, operational risk management is the responsibility of every staff member, commitment to comply with relevant laws and regulations, as well as making appropriate actions upon revealing operational risk events.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group has policies and procedures for the management of credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors credit risk. The credit policy is reviewed and approved by the Board of Director.

The credit policy establishes:

- procedures for review and approval of loan credit applications;
- methodology for the credit assessment of borrowers (corporate and retail);
- methodology for the credit assessment of counterparties, issuers and insurance companies;
- methodology for the evaluation of collateral;
- credit documentation requirements;
- procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan credit applications are originated by the corporate customer relationship managers and are then passed on to the Corporate Underwriting Unit of Underwriting Department, which is responsible for the quality of the corporate loan portfolio. Analysis reports are based on a structured analysis focusing on a customer's business and financial performance and assessment of risks associated with each individual project. The authorized Credit Committee reviews and approves the loan applications according to Delegations Arrangements Manual on the basis of submissions by the Underwriting Department.

The Group continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Group. The current market value of collateral is regularly assessed by either independent appraisal companies or internal appraisal specialists, and in the event of negative movements in market prices the borrower is usually requested to put up additional security.

Retail loan credit applications are reviewed by the Retail Credit Department through the use of scoring models and application data verification procedures regularly reviewed by the Underwriting Department.

Apart from individual customer analysis, the credit portfolio is assessed by the Risk Management Department with regard to credit concentration, country and market risks.

Internal credit risk ratings. In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The Group's credit risk grading framework comprises five categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

An analysis of the Group's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. The amounts of cash and cash equivalents in the tables do not include cash on hand (Note 17). For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Credit quality of cash equivalents

USD'000	**31 December 2024**	
Cash equivalents at amortised cost	**Stage 1**	**Total**
Category 1: Standard	441,575	441,575
Total gross carrying amount	**441,575**	**441,575**
Loss allowance	(835)	(835)
Carrying amount	**440,740**	**440,740**

USD'000	**31 December 2023**	
Cash equivalents at amortised cost	**Stage 1**	**Total**
Category 1: Standard	278,358	278,358
Total gross carrying amount	**278,358**	**278,358**
Loss allowance	(907)	(907)
Carrying amount	**277,451**	**277,451**

Credit quality of loans to customers

	31 December 2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – corporate customers				
Category 1: Standard	53,308	-	-	53,308
Category 3: Substandard	-	1,326	-	1,326
Category 5: Loss	-	-	5,184	5,184
Total loans to corporate customers	**53,308**	**1,326**	**5,184**	**59,818**
Loss allowance	(599)	(191)	(2,893)	(3,683)
Loans to corporate customers net of loss allowance	**52,709**	**1,135**	**2,291**	**56,135**

	31 December 2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – retail customers and SME				
Small and medium business loans				
Category 1: Standard	81,713	-	-	81,713
Category 2: Watch	1,948	-	-	1,948
Category 3: Substandard	-	497	-	497
Category 4: Doubtful	-	197	-	197
Category 5: Loss	-	-	3,556	3,556
Total small and medium business loans	**83,661**	**694**	**3,556**	**87,911**
Loss allowance	(1,689)	(138)	(1,692)	(3,519)
Small and medium business loans net of loss allowance	**81,972**	**556**	**1,864**	**84,392**

	31 December 2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – retail customers and SME				
Consumer loans				
Category 1: Standard	28,533	-	-	28,533
Category 2: Watch	251	-	-	251
Category 3: Substandard	-	94	-	94
Category 4: Doubtful	-	30	-	30
Category 5: Loss	-	-	388	388
Total consumer loans	**28,784**	**124**	**388**	**29,296**
Loss allowance	(408)	(26)	(264)	(698)
Consumer loans net of loss allowance	**28,376**	**98**	**124**	**28,598**

	31 December 2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – retail customers and SME				
Mortgage loans				
Category 1: Standard	36,126	-	-	36,126
Category 2: Watch	457	-	-	457
Category 3: Substandard	-	182	-	182
Category 4: Doubtful	-	50	-	50
Category 5: Loss	-	-	757	757
Total mortgage loans	**36,583**	**232**	**757**	**37,572**
Loss allowance	(239)	(45)	(400)	(684)
Mortgage loans net of loss allowance	**36,344**	**187**	**357**	**36,888**

	31 December 2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – retail customers and SME				
Micro loans				
Category 1: Standard	51,382	-	-	51,382
Category 2: Watch	1,180	-	-	1,180
Category 3: Substandard	-	432	-	432
Category 4: Doubtful	-	145	-	145
Category 5: Loss	-	-	1,974	1,974
Total micro loans	**52,562**	**577**	**1,974**	**55,113**
Loss allowance	(703)	(100)	(1,587)	(2,390)
Micro loans net of loss allowance	**51,859**	**477**	**387**	**52,723**

	31 December 2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – corporate customers				
Category 1: Standard	65,105	-	-	65,105
Category 3: Substandard	-	1,843	-	1,843
Category 5: Loss	-	-	9,365	9,365
Total loans to corporate customers	**65,105**	**1,843**	**9,365**	**76,313**
Loss allowance	(2,165)	(210)	(3,883)	(6,258)
Loans to corporate customers net of loss allowance	**62,940**	**1,633**	**5,482**	**70,055**

	31 December 2023			
***USD'00*0**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – retail customers and SME				
Small and medium business loans				
Category 1: Standard	71,083	-	-	71,083
Category 2: Watch	1,457	-	-	1,457
Category 3: Substandard	-	473	-	473
Category 4: Doubtful	-	140	-	140
Category 5: Loss	-	-	2,465	2,465
Total small and medium business loans	**72,540**	**613**	**2,465**	**75,618**
Loss allowance	(1,072)	(107)	(995)	(2,174)
Small and medium business loans net of loss allowance	**71,468**	**506**	**1,470**	**73,444**

	31 December 2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – retail customers and SME				
Consumer loans				
Category 1: Standard	18,861	-	-	18,861
Category 2: Watch	277	-	-	277
Category 3: Substandard	-	51	-	51
Category 4: Doubtful	-	36	-	36
Category 5: Loss	-	-	289	289
Total consumer loans	**19,138**	**87**	**289**	**19,514**
Loss allowance	(264)	(18)	(184)	(466)
Consumer loans net of loss allowance	**18,874**	**69**	**105**	**19,048**

	31 December 2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – retail customers and SME				
Mortgage loans				
Category 1: Standard	31,024	-	-	31,024
Category 2: Watch	230	-	-	230
Category 3: Substandard	-	138	-	138
Category 4: Doubtful	-	24	-	24
Category 5: Loss	-	-	622	622
Total mortgage loans	**31,254**	**162**	**622**	**32,038**
Loss allowance	(294)	(27)	(273)	(594)
Mortgage loans net of loss allowance	**30,960**	**135**	**349**	**31,444**

	31 December 2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – retail customers and SME				
Micro loans	-	-	-	-
Category 1: Standard	40,065	-	-	40,065
Category 2: Watch	752	-	-	752
Category 3: Substandard	-	161	-	161
Category 4: Doubtful	-	109	-	109
Category 5: Loss	-	-	1,822	1,822
Total micro loans	**40,817**	**270**	**1,822**	**42,909**
Loss allowance	(1,654)	(53)	(1,514)	(3,221)
Micro loans net of loss allowance	**39,163**	**217**	**308**	**39,688**

Credit quality of investment securities at amortised cost

USD'000	31 December 2024	
Investment securities at amortised cost	**Stage 1**	**Total**
Category 1	22,354	22,354
	22,354	**22,354**
Loss allowance	(1,281)	(1,281)
Carrying amount	**21,073**	**21,073**

USD'000	31 December 2023	
Investment securities at amortised cost	**Stage 1**	**Total**
Category 1	8,267	8,267
	8,267	**8,267**
Loss allowance	(361)	(361)
Carrying amount	**7,906**	**7,906**

Credit quality of other financial assets

	31 December 2024				
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Other financial assets					
Category 1: Standard	25,126	-	-	-	25,126
Category 2: Watch	-	-	-	-	-
Category 3: Substandard	-	-	-	-	-
Category 4: Doubtful	-	-	-	-	-
Category 5: Loss	-	-	224	2,086	2,310
Total other financial assets	**25,126**	**-**	**224**	**2,086**	**27,436**
Loss allowance	(1,046)	-	(135)	(1,108)	(2,290)
Total other financial assets net loss allowance	**24,080**	**-**	**89**	**978**	**25,147**

	31 December 2023				
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Other financial assets					
Category 1: Standard	16,214	-	-	-	16,214
Category 2: Watch	11	-	-	-	11
Category 3: Substandard	-	8	-	-	8
Category 4: Doubtful	-	-	-	-	-
Category 5: Loss	-	-	321	1,615	1,936
Total other financial assets	**16,225**	**8**	**321**	**1,615**	**18,169**
Loss allowance	(778)	(1)	(177)	(703)	(1,659)
Total other financial assets net loss allowance	**15,447**	**7**	**144**	**913**	**16,510**

Credit quality of credit related commitments

	31 December 2024				
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Other financial assets					
Category 1: Standard	22,407	-	-	-	22,407
Category 2: Watch	-	-	-	-	-
Category 3: Substandard	-	22	-	-	22
Category 4: Doubtful	-	-	-	-	-
Category 5: Loss	-	-	-	-	-
Total other financial assets	22,407	**22**	**-**	**-**	22,429
Loss allowance	(253)	(4)	-	-	(257)
Total other financial assets net loss allowance	**22,154**	**18**	**-**	**-**	**22,172**

	31 December 2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit related commitments				
Category 1: Standard	9,958	-	-	**9,958**
Category 2: Watch	-	-	-	**-**
Category 3: Substandard	-	21	-	**21**
Category 4: Doubtful	-	-	-	**-**
Category 5: Loss	-	-	100	**100**
Total credit related commitments	**9,958**	**21**	**100**	**10,079**
Loss allowance	(218)	(3)	(20)	(241)
Total credit related commitments net loss allowance	**9,740**	**18**	**80**	**9,838**

The tables below analyse information about the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in the loss allowance as well as the movement of the loss allowance during the 2024 and 2023 per class of financial assets:

Analysis of movements of the credit loss allowance of cash and cash equivalents

	2024		2023	
USD'000	**Stage 1**	**Total**	**Stage 1**	**Total**
Cash equivalents at amortised cost				
Balance at 1 January	907	907	1,369	1,369
New financial assets originated or purchased	52	52	233	233
Financial assets that have been derecognised	(114)	(114)	(456)	(456)
Other changes	(10)	(10)	(239)	(239)
Balance at 31 December	**835**	**835**	**907**	**907**

Analysis of movements in gross carrying amounts of loans to customers

	2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost - Total				
Gross carrying amount as of 1 January	228,854	2,975	14,564	246,392
Transfer to Stage 1	664	(277)	(387)	-
Transfer to Stage 2	(4,930)	4,999	(69)	-
Transfer to Stage 3	-	(3,897)	3,897	-
New financial assets originated or purchased	137,368	-	-	137,368
Financial assets that have been repaid	(69,073)	(328)	(3,795)	(73,196)
Write-offs	-	-	(337)	(337)
Other changes	(37,986)	(519)	(2,012)	(40,517)
Gross carrying amount as of 31 December	**254,898**	**2,953**	**11,859**	**269,710**

	2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost - Total				
Gross carrying amount as of 1 January	174,078	1,451	22,320	197,847
Transfer to Stage 1	1,272	(213)	(1,058)	-
Transfer to Stage 2	(4,631)	4,799	(168)	-
Transfer to Stage 3	-	(2,690)	2,690	-
New financial assets originated or purchased	155,261	-	-	155,261
Financial assets that have been repaid	(61,315)	(744)	(4,136)	(66,195)
Write-offs	-		(270)	(270)
Other changes	(35,811)	372	(4,814)	(40,252)
Gross carrying amount as of 31 December	**228,854**	**2,975**	**14,564**	**246,392**

	2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – corporate customers				
Gross carrying amount as of 1 January	65,105	1,843	9,365	76,313
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(383)	383	-	-
Transfer to Stage 3	-	(383)	383	-
New financial assets originated or purchased	15,753	-	-	15,753
Financial assets that have been repaid	(20,111)	-	(2,481)	(22,592)
Write-offs	-	-	(17)	(17)
Other changes	(7,056)	(517)	(2,066)	(9,639)
Gross carrying amount as of 31 December	**53,308**	**1,326**	**5,184**	**59,818**
Loans to customers at amortised cost – retail customers				
Gross carrying amount as of 1 January	163,749	1,132	5,198	170,079
Transfer to Stage 1	664	(227)	(387)	-
Transfer to Stage 2	(4,547)	4,616	(69)	-
Transfer to Stage 3	-	(3,514)	3,514	-
New financial assets originated or purchased	121,615	-	-	121,615
Financial assets that have been repaid	(48,962)	(328)	(1,314)	(50,604)
Write-offs	-	-	(320)	(320)
Other changes	(30,929)	(2)	53	(30,878)
Gross carrying amount as of 31 December	**201,590**	**1,627**	**6,675**	**209,892**

	2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – corporate customers				
Gross carrying amount as of 1 January	50,266	466	15,724	66,456
Transfer to Stage 1	58		(58)	
Transfer to Stage 2	(1,715)	1,715		-
Transfer to Stage 3	-	(419)	419	-
New financial assets originated or purchased	48,177	-	-	48,177
Financial assets that have been repaid	(25,206)	(466)	(2,433)	(28,105)
Write-offs			(158)	(158)
Other changes	(6,474)	547	(4,129)	(10,056)
Gross carrying amount as of 31 December	**65,106**	**1,843**	**9,365**	**76,313**

	2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – retail customers				
Gross carrying amount as of 1 January	123,812	985	6,595	131,392
Transfer to Stage 1	1,214	(213)	(1,001)	-
Transfer to Stage 2	(2,916)	3,084	(168)	
Transfer to Stage 3	-	(2,271)	2,271	-
New financial assets originated or purchased	107,084	-	-	107,084
Financial assets that have been repaid	(36,109)	(278)	(1,703)	(38,090)
Write-offs			(112)	(112)
Other changes	(29,336)	(175)	(685)	(30,196)
Gross carrying amount as of 31 December	**163,749**	**1,132**	**5,198**	**170,079**

Analysis of movements in the credit loss allowance of loans to customers

	2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance – Loans to customers at amortised cost - Total				
Loss allowance as of 1 January	5,449	415	6,848	12,712
Transfer to Stage 1	190	(45)	(145)	-
Transfer to Stage 2	(180)	205	(25)	-
Transfer to Stage 3	-	(181)	181	-
Increases due to change in credit risk	-	140	1,368	1,508
Decreases due to change in credit risk	(172)	(33)	-	(205)
Write-offs	-	-	(265)	(265)
New financial assets originated	2,393	-	-	2,393
Financial assets that have been derecognised	(2,113)	(61)	(1,308)	(3,482)
Changes in risk parameters	(1,548)	(27)	(561)	(2,136)
Other movements	(381)	86	742	448
Loss allowance as of 31 December	**3,638**	**500**	**6,836**	**10,974**

USD'000	2023 Stage 1	Stage 2	Stage 3	Total
Loss allowance – Loans to customers at amortised cost - Total				
Loss allowance as of 1 January	4,641	259	9,055	13,955
Transfer to Stage 1	447	(40)	(407)	-
Transfer to Stage 2	(211)	278	(67)	-
Transfer to Stage 3	-	(228)	228	-
Increases due to change in credit risk	-	171	889	1,060
Decreases due to change in credit risk	(423)	(54)	-	(477)
Write-offs	-	-	(213)	(213)
New financial assets originated	4,226	-	-	4,226
Financial assets that have been derecognised	(2,097)	(105)	(2,003)	(4,205)
Changes in risk parameters	(822)	(6)	14	(814)
Other movements	(312)	140	(648)	(820)
Loss allowance as of 31 December	**5,449**	**415**	**6,848**	**12,712**

USD'000	2024 Stage 1	Stage 2	Stage 3	Total
Loss allowance – Loans to customers at amortised cost – corporate customers				
Loss allowance as of 1 January	2,165	210	3,883	6,258
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(8)	8	-	-
Transfer to Stage 3	-	(8)	8	-
Increases due to change in credit risk	-	-	66	66
Decreases due to change in credit risk	-	-	-	
Write-offs	-	-	(17)	(17)
New financial assets originated	231	-	-	231
Financial assets that have been derecognized	(800)	-	(657)	(1,457)
Other movements	(989)	(19)	(390)	(1,397)
Loss allowance as of 31 December	**599**	**191**	**2,893**	**3,683**
Loss allowance – Loans to customers at amortised cost – retail customers and SME				
Loss allowance as of 1 January	3,284	205	2,965	6,454
Transfer to Stage 1	190	(45)	(145)	-
Transfer to Stage 2	(172)	197	(25)	-
Transfer to Stage 3	-	(173)	173	-
Increases due to change in credit risk	-	140	1,302	1,442
Decreases due to change in credit risk	(172)	(33)	-	(205)
Write-offs	-	-	(249)	(249)
New financial assets originated	2,162	-	-	2,162
Financial assets that have been derecognised	(1,313)	(61)	(651)	(2,025)
Other movements	(940)	79	573	(288)
Loss allowance as of 31 December	**3,039**	**309**	**3,943**	**7,291**

	2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance – Loans to customers at amortised cost – corporate customers				
Loss allowance as of 1 January	2,187	29	5,448	7,664
Transfer to Stage 1	11	-	(11)	-
Transfer to Stage 2	(56)	56	-	-
Transfer to Stage 3	-	(11)	11	-
Increases due to change in credit risk	-	72	165	237
Decreases due to change in credit risk	(10)	-	-	(10)
Write-offs	-	-	(111)	(111)
New financial assets originated	1,682	-	-	1,682
Financial assets that have been derecognised	(1,237)	(29)	(1,142)	(2,408)
Other movements	(412)	93	(477)	(796)
Loss allowance as of 31 December	**2,165**	**210**	**3,883**	**6,258**
Loss allowance – Loans to customers at amortised cost – retail customers and SME				
Loss allowance as of 1 January	2,454	230	3,607	6,291
Transfer to Stage 1	436	(40)	(396)	-
Transfer to Stage 2	(155)	222	(67)	-
Transfer to Stage 3	-	(217)	217	-
Increases due to change in credit risk	-	99	724	823
Decreases due to change in credit risk	(413)	(54)	-	(467)
Write-offs	-	-	(102)	(102)
New financial assets originated	2,544	-	-	2,544
Financial assets that have been derecognised	(860)	(76)	(861)	(1,797)
Other movements	(722)	41	(157)	(838)
Loss allowance as of 31 December	**3,284**	**205**	**2,965**	**6,454**

Analysis of movements in gross carrying amounts and the credit loss allowance of investments in securities

USD'000		
Investments in securities at amortised cost	**Stage 1**	**Total**
Gross carrying amount as of 1 January 2023	**450**	**450**
Changes in the gross carrying amount	-	-
New financial assets originated or purchased	7,347	7,347
Financial assets that have been derecognized	470	470
Gross carrying amount as of 31 December 2023	**8,267**	**8,267**
Changes in the gross carrying amount		
New financial assets originated or purchased	13,896	13,896
Financial assets that have been derecognized	(765)	(765)
Other changes	956	956
Gross carrying amount as of 31 December 2024	**22,354**	**22,354**
Loss allowance as of 31 December 2023	**(1,281)**	**(1,281)**

	2024		2023	
USD'000	**Stage 1**	**Total**	**Stage 1**	**Total**
Investment securities at amortised cost				
Balance at 1 January	361	361	8	8
New financial assets originated or purchased	1,069	1,069	357	357
Financial assets that have been derecognised	(6)	(6)	-	-
Other changes	(143)	(143)	(4)	(4)
Balance at 31 December	**1,281**	**1,281**	**361**	**361**

Analysis of movements in gross carrying amounts and the credit loss allowance of other financial assets.

USD'000 Other financial assets	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as of 1 January 2023	**23,187**	**145**	**956**	**24,288**
Changes in the gross carrying amount	**-**	**-**	**-**	**-**
Transfer to Stage 2	(30)	30	-	-
Transfer to Stage 3	(57)	(134)	191	-
New financial assets originated or purchased	702	-	1,249	1,951
Financial assets that have been repaid	(1,457)	-	(6)	(1,463)
Other changes	(6,120)	(32)	(455)	(6,607)
Gross carrying amount as of 31 December 2023	**16,225**	**8**	**1,935**	**18,168**
Changes in the gross carrying amount				
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(6)	-	6	-
New financial assets originated or purchased	19	-	963	982
Financial assets that have been repaid	(378)	(8)	(193)	(579)
Other changes	9,266	-	(400)	8,866
Gross carrying amount as of 31 December 2024	**25,126**	**-**	**2,311**	**27,437**
Loss allowance as of 31 December 2024	**(1,046)**	**-**	**(1,244)**	**(2,290)**

	2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance of other financial assets				
Loss allowance as of 1 January	778	1	880	1,659
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-		-	-
Increases due to change in credit risk	-	-	2	2
New financial assets originated	584	-	472	1,057
Financial assets that have been derecognized	(13)	(1)	(121)	(135)
Changes in risk parameters	(224)	-	(70)	(293)
Foreign exchange and other movements	(80)	-	80	-
Loss allowance as of 31 December	**1,046**	**-**	**1,244**	**2,290**

	2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance of other financial assets				
Loss allowance as of 1 January	291	104	956	1,351
Transfer to Stage 2	(3)	3	-	-
Transfer to Stage 3	-	(42)	42	-
Increases due to change in credit risk	-	-	44	44
New financial assets originated	27	-	513	540
Financial assets that have been derecognized	(1)	-	(90)	(91)
Changes in risk parameters	491	(64)	(612)	(185)
Foreign exchange and other movements	(27)	-	27	-
Loss allowance as of 31 December	**778**	**1**	**880**	**1,659**

Analysis of movements in the other provisions of other non-financial assets

USD'000	2024	2023
Other non-financial assets		
Balance at 1 January	2,560	3,886
Impairment reversal	(1,410)	(1,297)
Write-offs	-	-
Other movements	15	(29)
Balance at 31 December	**1,165**	**2,560**

Analysis of movements in gross carrying amounts and the credit loss allowance of credit related commitments

	2024			
USD'000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as of 1 January	**9,958**	**21**	**100**	**10,079**
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Increases due to change in credit risk	-	-	-	-
New financial assets originated	19,462	-	-	19,462
Financial assets that have been derecognized	(7,013)	1	(100)	(7,112)
Gross carrying amount as of 31 December	**22,407**	**22**	**-**	**22,429**

	2023			
USD'000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as of 1 January	**11,521**	**7**	**100**	**11,928**
Transfer to Stage 2	(21)	21	-	-
Transfer to Stage 3	-	-	-	-
Increases due to change in credit risk	-	-	-	-
New financial assets originated	7,299	-	-	7,299
Financial assets that have been derecognized	(9,142)	(7)	-	(9,149)
Gross carrying amount as of 31 December	**9,958**	**21**	**100**	**10,079**

	2024			
USD'000	Stage 1	Stage 2	Stage 3	Total
Loss allowance of other financial assets				
Loss allowance as at 1 January	**218**	**3**	**20**	**241**
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Increases due to change in credit risk	-	-	-	-
New financial assets originated	232	-	-	232
Financial assets that have been derecognized	(186)	(1)	(20)	(205)
Changes in risk parameters	-	-	-	-
Foreign exchange and other movements	(11)	-	-	-
Loss allowance as at 31 December	**253**	**4**	**-**	**257**

	2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance of other financial assets				
Loss allowance as at 1 January	**670**	**1**	**20**	**691**
Transfer to Stage 2	(3)	3	-	-
Transfer to Stage 3	-	-	-	-
Increases due to change in credit risk	-	-	-	-
New financial assets originated	157	-	-	157
Financial assets that have been derecognized	(600)	(1)	-	(601)
Changes in risk parameters	-	-	-	-
Foreign exchange and other movements	(6)	-	27	-
Loss allowance as at 31 December	**218**	**3**	**20**	**241**

The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.

	2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – corporate customers				
Not overdue	52,492	1,326	1,964	55,782
Overdue up to 30 days	816	-	1,286	2,102
Overdue 31-60 days				
Overdue 61-90 days	-	-	713	713
Overdue more than 180 days	-	-	1,221	1,221
Total overdue or impaired loans	816	-	3,220	4,036
Total loans to corporate customers	**53,308**	**1,326**	**5,184**	**59,818**
Loss allowance	(599)	(191)	(2,893)	(3,683)
Loans to corporate customers net of loss allowance	**52,709**	**1,135**	**2,291**	**56,135**
Loans to customers at amortised cost – retail customers				
Small and medium business loans				
Not overdue	81,713	155	1,441	83,309
Overdue up to 30 days	1,950	57	122	2,129
Overdue 31-60 days	-	283	31	314
Overdue 61-90 days	-	197	-	197
Overdue 91-180 days	-	-	389	389
Overdue more than 180 days	-	-	1,573	1,573
Total small business loans	**83,663**	**692**	**3,556**	**87,911**
Loss allowance	(1,691)	(136)	(1,692)	(3,519)
Small and medium business loans net of loss allowance	**81,972**	**556**	**1,864**	**84,392**

	2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Consumer loans				
Not overdue	28,525	31	66	28,622
Overdue up to 30 days	259	39	36	334
Overdue 31-60 days	-	24	-	24
Overdue 61-90 days	-	30	-	30
Overdue 91-180 days	-	-	59	59
Overdue more than 180 days	-	-	227	227
Total consumer loans	**28,784**	**124**	**388**	**29,296**
Loss allowance	(408)	(26)	(264)	(698)
Consumer loans net of loss allowance	**28,376**	**98**	**124**	**28,598**
Mortgage loans				
Not overdue	36,126	12	103	36,241
Overdue up to 30 days	457	82	44	583
Overdue 31-60 days	-	88	-	88
Overdue 61-90 days	-	50	-	50
Overdue 91-180 days	-	-	23	23
Overdue more than 180 days	-	-	587	587
Total mortgage loans	**36,583**	**232**	**757**	**37,572**
Loss allowance	(239)	(45)	(400)	(684)
Mortgage loans net of loss allowance	**36,344**	**187**	**357**	**36,888**
Micro loans				
Not overdue	51,220	54	46	51,320
Overdue up to 30 days	1,342	32	2	1,376
Overdue 31-60 days	-	346	7	353
Overdue 61-90 days	-	145	9	154
Overdue 91-180 days	-	-	282	282
Overdue more than 180 days	-	-	1,628	1,628
Total micro loans	**52,562**	**577**	**1,974**	**55,113**
Loss allowance	(703)	(100)	(1,587)	(2,390)
Micro loans net of loss allowance	**51,859**	**477**	**387**	**52,723**
Total loans to retail customers and SME	**201,592**	**1,625**	**6,675**	**209,892**
Loss allowance	(3,041)	(307)	(3,943)	(7,291)
Loans to retail customers and SME net of loss allowance	**198,551**	**1,318**	**2,732**	**202,601**
Total loans to customers	**254,900**	**2,951**	**11,859**	**269,710**
Total loss allowance	(3,640)	(498)	(6,836)	(10,974)
Loans to customers net of allowance for expected credit losses	**251,260**	**2,453**	**5,023**	**258,736**

	2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to customers at amortised cost – corporate customers				
Not overdue	64,847	1,843	7,202*	73,892
Overdue up to 30 days	258		-	258
Overdue 31-60 days	-	-	179	179
Overdue 91-180 days	-	-	819	819
Overdue more than 180 days	-	-	1,165	1,165
Total overdue or impaired loans	258	-	2,163	2,421
Total loans to corporate customers	**65,105**	**1,843**	**9,365**	**76,313**
Loss allowance	(2,165)	(210)	(3,883)	(6,258)
Loans to corporate customers net of loss allowance	**62,940**	**1,633**	**5,482**	**70,055**
Loans to customers at amortised cost – retail customers				
Small and medium business loans				
Not overdue	71,083	240	400	71,723
Overdue up to 30 days	1,457	-	42	1,499
Overdue 31-60 days	-	233	11	244
Overdue 61-90 days	-	140	20	160
Overdue 91-180 days	-	-	208	208
Overdue more than 180 days	-	-	1,784	1,784
Total small business loans	**72,540**	**613**	**2,465**	**75,618**
Loss allowance	(1,072)	(107)	(994)	(2,173)
Small and medium business loans net of loss allowance	**71,468**	**506**	**1,471**	**73,445**

*The Bank's internal criteria allows to refer to stage 3 considering unsatisfactory financial performance of corporate borrowers even in the absence of overdue loan payments.

	2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Consumer loans				
Not overdue	18,858	29	13	18,900
Overdue up to 30 days	280	-	-	280
Overdue 31-60 days	-	22	-	22
Overdue 61-90 days	-	36	-	36
Overdue 91-180 days	-	-	36	36
Overdue more than 180 days	-	-	240	240
Total consumer loans	**19,138**	**87**	**289**	**19,514**
Loss allowance	(264)	(18)	(184)	(466)
Consumer loans net of loss allowance	**18,874**	**69**	**105**	**19,047**
Mortgage loans				
Not overdue	31,024	13	40	31,077
Overdue up to 30 days	230	-	-	230
Overdue 31-60 days	-	125	-	125
Overdue 61-90 days	-	24	-	24
Overdue 91-180 days	-	-	60	60
Overdue more than 180 days	-	-	522	522
Total mortgage loans	**31,254**	**162**	**622**	**32,038**
Loss allowance	(294)	(27)	(273)	(594)
Mortgage loans net of loss allowance	**30,960**	**135**	**349**	**31,444**
Micro loans				
Not overdue	40,000	11	11	40,022
Overdue up to 30 days	817	1	-	818
Overdue 31-60 days	-	149	-	149
Overdue 61-90 days	-	109	-	109
Overdue 91-180 days	-	-	191	191
Overdue more than 180 days	-	-	1,620	1,620
Total micro loans	**40,817**	**270**	**1,822**	**42,909**
Loss allowance	(1,654)	(53)	(1,514)	(3,221)
Micro loans net of loss allowance	**39,163**	**217**	**308**	**39,688**
Total loans to retail customers and SME	**163,749**	**1,132**	**5,198**	**170,079**
Loss allowance	(3,284)	(205)	(2,965)	(6,454)
Loans to retail customers and SME net of loss allowance	**160,465**	**927**	**2,233**	**163,625**
Total loans to customers	**228,854**	**2,975**	**14,564**	**246,393**
Total loss allowance	(5,449)	(415)	(6,848)	(12,712)
Loans to customers net of allowance for expected credit losses	**223,404**	**2,560**	**7,716**	**233,680**

The following table details the carrying value of loans to customers that have been restructured as of 31 December 2024 and 31 December 2023:

	31 December 2024			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to corporate customers	392	-	4,784	5,176
Loans to retail customers				
Small and medium business loans	1,344	234	1,961	3,539
Consumer loans	60	36	123	219
Mortgage loans	767	129	351	1,247
Micro loans	7	31	245	283
Total loans to retail customers	**2,178**	**430**	**2,680**	**5,288**
Gross loans to customers	**2,570**	**430**	**7,464**	**10,464**
Allowance for expected credit losses	(38)	(84)	(4,112)	(4,243)
Net loans to customers	**2,532**	**346**	**3,352**	**6,230**

	31 December 2023			
USD'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to corporate customers	3,698	-	8,336	12,034
Loans to retail customers				
Small and medium business loans	2,416	323	1,298	4,037
Consumer loans	137	31	146	314
Mortgage loans	1,139	136	321	1,596
Micro loans	41	22	277	340
Total loans to retail customers	**3,733**	**512**	**2,042**	**6,287**
Gross loans to customers	**7,431**	**512**	**10,378**	**18,321**
Allowance for expected credit losses	(173)	(85)	(4,485)	(4,743)
Net loans to customers	**7,258**	**427**	**5,893**	**13,578**

Collateral held and other credit enhancements – Loans to customers

The following table sets out information on collateral and other credit enhancements securing loans to customers by types of collateral as of 31 December 2024:

USD'000	**Secured by real estate**	**Secured by cash and deposits**	**Unsecured**	**Total**
Loans to corporate customers	52,279	672	6,866	59,817
Small and medium-sized customers	87,458	-	453	87,911
Consumer loans	28,315	209	771	29,295
Mortgage loans	37,572	-	-	37,572
Micro loans	13,967	19	41,129	55,115
Gross loans to customers	**219,591**	**900**	**49,219**	**269,710**
Loss allowance	(8,508)	-	(2,466)	(10,974)
Net loans to customers	**211,083**	**900**	**46,753**	**258,736**

The following table sets out information on collateral and other credit enhancements securing loans to customers by types of collateral as of 31 December 2023:

USD'000	Secured by real estate	Secured by cash and deposits	Unsecured	Total
Loans to corporate customers	68,890	337	7,086	76,313
Small and medium-sized customers	75,211	-	406	75,618
Consumer loans	18,611	208	695	19,514
Mortgage loans	32,038	-	0	32,038
Micro loans	15,714	22	27,173	42,909
Gross loans to customers	**210,465**	**567**	**35,360**	**246,391**
Loss allowance	(9,037)	-	(3,675)	(12,712)
Net loans to customers	**201,427**	**567**	**31,685**	**233,679**

The following table sets out information on loans to customers that are credit-impaired and related collateral held in order to mitigate potential losses as of 31 December 2024:

USD'000	Secured by real estate	Secured by cash and deposits	Unsecured	Total
Loans to corporate customers	5,166	-	19	5,185
Small and medium-sized customers	3,453	-	104	3,557
Consumer loans	279	-	109	388
Mortgage loans	757	-	-	757
Micro loans	206	-	1,768	1,974
Gross loans to customers	**9,861**	**-**	**2,000**	**11,861**
Loss allowance	(5,123)	-	(1,715)	(6,838)
Net loans to customers	**4,738**	**-**	**285**	**5,023**

The following table sets out information on loans to customers that are credit-impaired and related collateral held in order to mitigate potential losses as of 31 December 2023:

USD'000	Secured by real estate	Secured by cash and deposits	Unsecured	Total
Loans to corporate customers	9,346	-	19	9,365
Small and medium-sized customers	2,343	-	121	2,464
Consumer loans	166	-	123	289
Mortgage loans	622	-	-	622
Micro loans	390	-	1,432	1,822
Gross loans to customers	**12,868**	**-**	**1,695**	**14,563**
Loss allowance	(5,284)	-	(1,563)	(6,847)
Net loans to customers	**7,584**	**-**	**132**	**7,716**

Maximum credit exposure

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the consolidated statement of financial position and unrecognised contractual commitments.

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

31 December 2024 USD'000	Gross exposure
Cash equivalents	440,741
Loans to customers	9,989
Investment securities at amortised cost	258,735
Financial insurance assets	21,073
Other financial assets	861
Total maximum exposure	25,146
	756,546

31 December 2023 **USD'000**	**Gross exposure**
Cash equivalents	277,451
Loans to customers	233,680
Investment securities at amortised cost	7,906
Financial insurance assets	986
Other financial assets	16,534
Total maximum exposure	**536,557**

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 34.

(c) Country risk

Country risk is the risk of losses to the Group due to changes in economic, social conditions and other events in foreign countries owing to international lending, foreign investments and other trans-boundary operations.

Board Risk Management Committee (BRMC) establishes the list of countries acceptable for credit risk exposure with assigning one of the risk grades to each country. Based on the resolution from the BRMC, CEO proposes for Board approval country risk grading to each country: low country risk, moderate and high-country risk. Management also proposes for the Board of Director's approval the list of countries where KICB is not allowed to perform any active transactions according to national regulation and KICB Shareholders' regulations.

The geographical concentration of financial assets and financial liabilities as of 31 December 2024 is set out below:

USD'000	**The Kyrgyz Republic**	**CIS countries**	**Other non-OECD countries**	**OECD countries**	**Total**
Non-derivative financial assets					
Cash and cash equivalents	226,717	8,576	92,399	178,445	506,137
Loans to customers	-	-	-	9,989	9,989
Investment securities at amortised cost	258,736	-	-	-	258,736
Other financial assets	21,073	-	-	-	21,073
Total non-derivative financial assets	25,147	-	-	-	25,147
Non-derivative financial liabilities	**531,673**	**8,576**	**92,399**	**188,434**	**821,082**
Deposits and balances from banks and other financial institutions					
Current accounts and deposits from customers	17,168	-	1,845	1	19,014
Debt securities issued	582,527	38,379	5,588	15,034	641,528
Lease liabilites	3,587	-	-	-	3,587
Other borrowed funds	20,563	-	-	35,097	55,660
Subordinated debt	-	-	-	988	988
Other financial liabilities	13,898	-	-	-	13,898
Total non-derivative financial liabilities	**637,743**	**38,379**	**7,433**	**51,120**	**734,675**
Net position on non-derivative financial instruments	**(106,070)**	**(29,803)**	**84,966**	**137,314**	**86,407**

The geographical concentration of financial assets and financial liabilities as of 31 December 2023 is set out below:

USD'000	The Kyrgyz Republic	CIS countries	Other non-OECD countries	OECD countries	Total
Non-derivative financial assets					
Cash and cash equivalents	126,788	11,960	73,995	107,336	320,079
Loans to customers	233,536	81	60	3	233,680
Investment securities at amortised cost	7,906	-	-	-	7,906
Other financial assets	16,534	-	-	-	16,534
Total non-derivative financial assets	**384,764**	**12,041**	**74,055**	**107,339**	**578,199**
Non-derivative financial liabilities					
Deposits and balances from banks and other financial institutions	8,218	-	1,851	-	10,069
Current accounts and deposits from customers	344,896	47,044	5,211	10,741	407,892
Debt securities issued	1,613	-	-	-	1,613
Lease liabilites	3,416	-	-	-	3,416
Other borrowed funds	14,712	-	-	43,766	58,478
Subordinated debt	-	-	-	1,113	1,113
Other financial liabilities	16,696	-	-	-	16,696
Total non-derivative financial liabilities	**389,551**	**47,044**	**7,062**	**55,620**	**499,277**
Net position on non-derivative financial instruments	**(4,787)**	**(35,003)**	**66,993**	**51,719**	**78,922**

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The liquidity policy is reviewed and approved by the Board of Directors.

The Group seeks to actively support a diversified and stable funding base comprising long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy requires:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- managing the concentration and profile of debts;
- maintaining debt financing plans;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- maintaining liquidity and funding contingency plans;
- monitoring liquidity ratios against regulatory requirements and requirements of shareholders.

The Treasury Department receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term Reverse repurchase agreements and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department. Under the normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a daily basis. Decisions on liquidity management are made by the ALCO and implemented by the Treasury Department.

Management expects that the cash flows from certain financial assets and liabilities will be different from their contractual terms because past experience indicates that cash flows will differ from contractual terms.

The table below shows an analysis, by contractual maturities, of the amounts recognised in the consolidated statement of financial position as of 31 December 2024:

USD'000	WAIR	Demand and less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Maturity undefined	Total
Non-derivative assets								
Cash and cash equivalents	2.49%	441,056	65,081	-	-	-	-	506,137
Deposits in foreign banks	4.25%	-	-	9,989	-	-	-	9,989
Loans to customers	19.02%	9,463	14,819	78,084	130,737	25,633	-	258,736
Investment securities at amortised cost	14.99%	-	3,161	54	15,986	1,872	-	21,073
Other financial assets	-	15,515	71	524	1,129	4	7,904	25,147
Total assets	-	**466,034**	**83,132**	**88,651**	**147,852**	**27,509**	**7,904**	**821,082**
Non-derivative liabilities								
Deposits and balances from banks	11.50%	18,841	-	-	173	-	-	19,014
Current accounts and deposits from customers	12.70%	537,180	17,021	63,962	22,942	423	-	641,528
Lease liabilities	9.38%	78	155	688	2,242	424	-	3,587
Other borrowed funds	10.31%	482	1,325	16,872	26,119	10,862	-	55,660
Subordinated debt	6.91%	-	-	60	239	689	-	988
Other financial liabilities	-	10,704	391	1,285	1,031	487	-	13,898
Total liabilities		**567,285**	**18,892**	**82,867**	**52,746**	**12,885**	**-**	**734,675**
Net position		**(101,251)**	**62,240**	**6,895**	**95,106**	**14,624**	**7,904**	**86,407**
Cumulative net position		**(101,251)**	**(37,011)**	**(31,227)**	**63,879**	**78,503**	**86,407**	

The table below shows an analysis, by contractual maturities, of the amounts recognised in the consolidated statement of financial position as of 31 December 2023:

USD'000	WAIR	Demand and less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Maturity undefined	Total
Non-derivative assets								
Cash and cash equivalents	6.27%	249,555	70,524	-	-	-	-	320,079
Loans to customers	15.91%	9,194	11,818	56,011	135,469	21,188	-	233,680
Investment securities at amortised cost	16.32%	-	87	676	7,143	-	-	7,906
Other financial assets	-	5,726	14	605	2,358	-	7,806	16,509
Total assets	-	**264,475**	**82,443**	**57,292**	**144,970**	**21,188**	**7,806**	**578,174**
Non-derivative liabilities								
Deposits and balances from banks	0.00%	9,900	-	169	-	-	-	10,069
Current accounts and deposits from customers	2.22%	316,271	12,135	52,755	25,122	1,608	-	407,891
Debt securities issued	12.00%	-		1,613	-	-	-	1,613
Lease liabilities	9.38%	66	132	591	2,259	368	-	3,416
Other borrowed funds	10.31%	333	2,722	7,711	39,185	8,527	-	58,478
Subordinated debt	6.91%	-	-	64	254	795	-	1,113
Other financial liabilities	-	9,541	475	3,800	2,802	-	-	16,618
Total liabilities		**336,111**	**15,464**	**66,703**	**69,622**	**11,298**	**-**	**499,198**
Net position		**(71,636)**	**66,979**	**(9,411)**	**75,348**	**9,890**	**7,806**	**78,976**
Cumulative net position		**(71,636)**	**(4,657)**	**(14,068)**	**61,281**	**71,171**	**78,977**	

The Group calculates the mandatory liquidity ratios in accordance with the requirements of the NBKR.

The ratio is calculated on a monthly basis as the ratio of highly liquid assets to liabilities payable on demand and due within 30 days and cannot fall below 45%. As of 31 December 2024 the K3.1 ratio was 69.1% (2023: 62.4%).

K3.2 is calculated on weekly basis and cannot fall below 35%. As of 31 December 2024 the K3.2 ratio was 53.9% (2023: 63.1%).

K3.3 is calculated on daily basis and cannot fall below 40%. As of 31 December 2024 the K3.3 ratio was 62.1% (2023: 55.2%).

The following tables show the undiscounted cash flows on liabilities and credit-related commitments on the basis of their remaining contractual maturity. The total gross inflow and outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial liability or credit related commitment.

The maturity analysis for financial liabilities as of 31 December 2024 is as follows:

USD'000	WAIR for interest bearing instruments	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow (inflow)	Carrying amount
Non-derivative liabilities								
Deposits and balances from banks and other financial institutions	11.50%	-	-	-	197	-	197	173
Current accounts and deposits from customers	12.70%	5,114	17,358	68,497	27,176	658	118,803	109,435
Lease liabilities	8.67%	111	219	979	3,263	711	5,283	3,587
Other borrowed funds	9.30%	808	1,981	20,432	30,954	12,020	66,195	55,660
Subordinated debt	6.91%	-	-	127	467	974	1,568	988
Total interest bearing financial liabilities		**6,033**	**19,558**	**90,035**	**62,057**	**14,363**	**192,047**	**169,846**
Deposits and balances from banks and other financial institutions		18,841	-	-	-	-	18,841	18,841
Current accounts and deposits from customers		532,090	-	-	-	-	532,090	532,090
Other financial liabilities		10,641	442	1,235	1,094	487	13,898	13,898
Total non-interest bearing financial liabilities		**561,572**	**442**	**1,235**	**1,094**	**487**	**564,829**	**564,829**
Total financial liabilities		**567,605**	**20,000**	**91,270**	**63,151**	**14,850**	**756,876**	**734,675**
Credit related commitments		19,019	-	-	-	-	19,019	19,019

The maturity analysis for financial liabilities as of 31 December 2023 is as follows:

USD'000	WAIR for interest bearing instruments	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow (inflow)	Carrying amount
Non-derivative liabilities								
Deposits and balances from banks and other financial institutions	11.5%	-	-	169	-	-	169	169
Current accounts and deposits from customers	2.22%	4,640	12,303	56,418	28,279	2,234	103,874	96,409
Debt securities issued	12.00%	-	48	1,758	-	-	1,806	1,613
Lease liabilities	9.38%	98	196	878	3,411	650	5,233	3,416
Other borrowed funds	10,31%	437	2,950	11,339	42,400	14,720	71,845	58,478
Subordinated debt	6.91%	-	-	91	348	924	1,363	1,113
Total interest bearing financial liabilities		**5,175**	**15,497**	**70,653**	**74,438**	**18,528**	**184,290**	**161,198**
Deposits and balances from banks and other financial institutions		9,900	-	-	-	-	9,900	9,900
Current accounts and deposits from customers		311,483	-	-	-	-	311,483	311,483
Other financial liabilities		9,541	475	3,800	2,802	-	16,618	16,618
Total non-interest bearing financial liabilities		**330,924**	**475**	**3,800**	**2,802**	**-**	**338,001**	**338,001**
Total financial liabilities		**336,099**	**15,972**	**74,453**	**77,240**	**18,528**	**522,291**	**499,199**
Credit related commitments		9,898	-	-	-	-	9,898	9,898

The tables above show the undiscounted cash flows of non-derivative financial liabilities, including within credit related commitments issued financial guarantee contracts, and unrecognised loan commitments on the basis of their earliest possible contractual maturity and lease liabilities. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

In accordance with the Kyrgyz legislation, depositors can withdraw their term deposits at any time, forfeiting in most of the cases the accrued interest. These deposits are classified in accordance with their stated maturity dates. However, management believes that in spite of this early withdrawal option and the fact that substantial portion of customers' accounts are on demand, diversification of these customer accounts and deposits by number and type of depositors, and the past experience of the Group indicates that these customers accounts provide a long-term and stable source of funding.

(e) 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 risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

Overall authority for market risk is vested in the ALCO, which is chaired by the Chief Executive Officer. Market risk limits are approved by the Board based on recommendations of the Risk Management Department and ALCO.

The Group manages its market risk by setting open position limits in relation to financial instruments, interest rate maturity and currency positions. These are monitored on a regular basis and reviewed and approved by the Board of Directors.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by the Treasury department in its day-to-day monitoring activities.

Average interest rates

The table below displays average effective interest rates for interest bearing assets and liabilities as of 31 December 2024 and 2023. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	31 December 2023 Average effective interest rate, %			31 December 2023 Average effective interest rate, %		
	USD	**KGS**	**Other currencies**	**USD**	**KGS**	**Other currencies**
Interest bearing assets						
Cash and cash equivalents	4.30	4.00	2.89	4.74	12.01	3.7
Time deposit in foreign banks						
Loans to customers	11.23	28.29	7.78	8.39	20.78	8.39
Investment securities at amortised cost	-	15.15	-	-	16.32	-
Interest bearing liabilities						
Deposits and balances from banks and other financial institutions	-	-	-	-	-	-
Current accounts and deposits from customers						
- Current accounts and demand deposits	1.07	3.55	3.33	1.00	5.00	0.50
- Term deposits	1.94	12.15	0.87	2.42	12.73	-
Debt securities issued	-	-	-	-	12.00	-
Lease liabilities	3.12	12.06	-	3.12	12.06	-
Other borrowed funds	7.28	8.04		5.84	10.46	
Subordinated debt	-	-	6.91	-	-	6.91

Interest rate sensitivity analysis

The management of interest rate risk based on interest rate gap analysis is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of sensitivity of profit or loss and equity (net of taxes) to changes in interest rate repricing risk based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as of 31 December 2024 and 2023 is as follows:

	2024		2023	
USD'000	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
100 bp parallel fall	(2,237)	(2,237)	(1,177)	(1,177)
100 bp parallel rise	2,237	2,237	1,177	1,177

(ii) Currency risk

The Group has assets and liabilities denominated in several foreign currencies.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Although the Group hedges its exposure to currency risk, such activities do not qualify as hedging relationships in accordance with IFRS Accounting Standards.

The following table shows the foreign currency exposure structure of financial assets and liabilities as of 31 December 2024:

USD'000	USD	KGS	Other currencies	Total
ASSETS				
Cash and cash equivalents	323,351	136,867	45,920	506,139
Deposits in foreign banks	9,989	-	-	9,989
Loans to customers	49,515	208,553	668	258,735
Investment securities at amortised cost	-	21,073	-	21,073
Other financial assets	12,179	9,859	3,109	25,146
Total assets	**395,034**	**376,352**	**49,697**	**821,082**
LIABILITIES				
Deposits and balances from banks and other financial institutions	7,132	6,601	5,281	19,014
Current accounts and deposits from customers	295,862	303,066	42,600	641,528
Lease liabilities	1,369	2,217	-	3,587
Other borrowed funds	2,069	53,591	-	55,660
Subordinated debt	-	-	988	988
Other financial liabilities	5,176	8,072	651	13,898
Total liabilities	**311,608**	**373,548**	**49,519**	**734,675**
Net position as of 31 December 2024	**83,426**	**2,804**	**177**	**86,407**

The following table shows the currency structure of financial assets and liabilities as of 31 December 2023:

USD'000	USD	KGS	Other currencies	Total
ASSETS				
Cash and cash equivalents	199,216	74,052	46,808	320,079
Loans to customers	53,610	179,466	604	233,680
Investment securities at amortised cost	-	7,906	-	7,906
Other financial assets	10,565	5,044	902	16,511
Total assets	**263,392**	**266,469**	**48,315**	**578,176**
LIABILITIES				
Deposits and balances from banks and other financial institutions	3,263	4,388	2,418	10,069
Current accounts and deposits from customers	175,493	188,609	43,790	407,892
Debt securities issued	-	1,613	-	1,613
Lease liabilities	1,023	2,393	-	3,416
Other borrowed funds	1,927	56,551	-	58,478
Subordinated debt	-	-	1,113	1,113
Other financial liabilities	6,146	9,585	886	16,618
Total liabilities	**187,852**	**263,140**	**48,206**	**499,198**
Net position as of 31 December 2023	**75,540**	**3,329**	**109**	**78,978**

Other foreign currencies mainly comprise EUR.

A weakening of the USD, as indicated below, against the following currencies as of 31 December 2024 and 2023 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on a net of 10% tax basis and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

USD'000	**2024**		**2023**	
	Profit or loss	**Equity**	**Profit or loss**	**Equity**
30% appreciation of Kyrgyz Som against USD	757	757	-	-
30% appreciation of other currencies against USD	48	48	69	69

A strengthening of the USD against the above currencies as of 31 December 2024 and 2023 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group manages operational risk by establishing internal controls that management determines to be necessary in each area of its operations.

35 Capital management

The NBKR sets and monitors capital requirements for the Group.

The Group defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the NBKR, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level of 12%. The Group was in compliance with the statutory capital ratios as of 31 December 2024 and 2023.

The NBKR sets for the Group individual requirement of capital buffer at the level of not less than 20% (2023: not less than 29%). The Group's capital buffer as of 31 December 2024 was 20.9% (2023: 24.2%). According to the NBKR Instruction "On establishment of capital adequacy standards for commercial banks of the Kyrgyz Republic" approved by the Resolution No.12/63-1 dated 12 October 2022 of the Board of the NBKR (last revised on 14 December 2022), banks are not allowed to make decision on dividends distribution, if the capital buffer, calculated by deducting dividends planned for payment, is below the capital buffer limit established by the NBKR. There are no other restrictions and prescriptions for non-compliance with capital buffer requirement.

The Group monitors its capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market risks (updated November 2007), commonly known as Basel I.

The following table shows the composition of the capital position calculated in accordance with the requirements of the Basle Accord, as of 31 December:

USD'000	2024	2023
Tier 1 capital		
Share capital	23,000	23,000
Share premium	495	495
Retained earnings and disclosed reserves	106,317	93,254
NCI	3,195	2,896
less Goodwill (Note 23)	-	(475)
Total tier 1 capital	**133,007**	**119,170**
Tier 2 capital		
ECL stage 1 (up to 1.25% of risk-weighted assets)	3,638	4,005
Subordinated debt (Note 31.2)	988	1,113
Total tier 2 capital	**4,626**	**5,118**
Total capital	**137,633**	**124,288**
Risk-weighted assets	379,096	320,382
Banking book	**379,096**	**320,382**
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	**36.38%**	**38.8%**
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)	**35.1%**	**37.2%**

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for unrecognised contractual commitments, with some adjustments to reflect the more contingent nature of the potential losses.

The Group is subject to minimum capital adequacy requirements calculated in accordance with the Basle Accord established by covenants under liabilities incurred by the Group. The Group has complied with all externally imposed capital requirements as of 31 December 2024 and 2023.

36 Credit related commitments

The Group has outstanding credit related commitments to extend loans. These credit related commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. The Group applies the same credit risk management policies and procedures when granting credit commitments, financial guarantees and letters of credit as it does for granting loans to customers.

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for credit related commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

USD'000	31 December 2024	31 December 2023
Contracted amount		
Loan and credit line commitments	19,019	8,984
Guarantees	3,410	1,095
	22,429	**10,079**

Provision on credit related commitments totalled USD 1,543 thousand and USD 750 thousand as of 31 December 2024 and 2023, respectively.

The total outstanding contractual commitments above do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded. The majority of loan and credit line commitments do not represent an unconditional credit related commitment by the Group.

As of 31 December 2024 and 2023, the Group did not have significant credit concentrations related to credit related commitments.

37 Contingencies

(a) Insurance

The insurance industry in the Kyrgyz Republic is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group has only partial coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group's property or relating to the Group's operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Taxation

The taxation system in the Kyrgyz Republic continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS Accounting Standards treatment of revenues, expenses and other items in the financial statements. Taxes are subject to review and investigation by a number of authorities who have the authority to impose severe fines, penalties and interest charges. These circumstances may create tax risks in the Kyrgyz Republic that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Kyrgyz tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on financial position of the Group, if the authorities were successful in enforcing their interpretations, could be significant.

38 Related party transactions

(a) Control relationships

The Group has a controlling entity represented by AKFED, a member of the Aga Khan Development Network (AKDN), which is a group of private, international, non-denominational development agencies. AKDN is governed by Ismaili Imamat. His Highness the Aga Khan, the founder and chairman of AKDN is the 49th hereditary Imam (Spiritual Leader) of the Shia Imami Ismaili Muslims. The Ismaili Imamat is a supra-national entity and has no shareholders with 20% or more shares.

(b) Transactions with members of the Board of Directors and the Management Board

Total remuneration included in employee compensation (refer to Note 14):

USD'000	2024	2023
Members of the Board of Directors:	234	189
Members of the Management Board:	1,493	1,349
	1,727	**1,538**

The outstanding balances and average interest rates as of 31 December 2024 and 2023 with the members of the Board of Directors and the Management Board were as follows:

	31 December 2024 USD'000	Average interest rate, %	31 December 2023 USD'000	Average interest rate, %
Consolidated statement of financial position				
ASSETS				
Loans to customers	56	12	118	12
LIABILITIES				
Current accounts and deposits from customers	623	9.16	370	8.96

Amounts included in profit or loss in relation to transactions with members of the Board of Directors and the Management Board were as follows:

USD'000	2024	2023
Consolidated statement of profit or loss and other comprehensive income		
Interest income	-	12
Interest expense	667	215

(c) Transactions with other related parties

Other related parties include associate of the Group, other minor shareholders that exercise significant influence over the Group, and Management's relatives. The outstanding balances and the related average interest rates as of 31 December 2024 and related profit or loss amounts of transactions for the year ended 31 December 2024 with other related parties are as follows:

	Controlling entity and entities under common control		Other related party transactions		Total	Total as per financial statement caption
	USD'000	Average interest rate, %	USD'000	Average interest rate, %	USD'000	USD'000
Consolidated statement of financial position						
Assets						
Cash and cash equivalents						
- In USD	-	-	11,000	5.08%	11,000	506,139
Loans to customers						
- In KGS	-	-	158	-	158	258,735
Allowance for expected credit losses on loans to customers	-	-	-	-	-	(10,974)
Investment in associate	-	-	8,453	-	8,453	8,453
Liabilities						
Current accounts and deposits from customers*						
- In USD	-	-	547	6.11%	547	295,862
- In KGS	-	-	250	11.10	250	303,066
-other currencies	-	-	5	-	5	42,600
Subordinated debt						
- In other currencies	-	-	-	-	-	988
Other borrowed funds						
- In USD	-	-	1,557	2.9%	1,557	55,660
Profit/(loss)						
Interest income	-	-	12	-	12	60,215
Interest expense	-	-	(314)	-	(314)	(24,956)
Allowance for expected credit losses on interest bearing assets	-	-	-	-	-	1,035
Fee and commission expense	-	-	(1,654)	-	(1,654)	(9,181)
Share of profit of associate	-	-	1,654	-	1,654	1,647
Dividends	-	-	521	-	521	521

The outstanding balances and the related average interest rates as of 31 December 2023 and related profit or loss amounts of transactions for the year ended 31 December 2023 with other related parties are as follows:

	Controlling entity and entities under common control		Other related party transactions		Total	Total as per financial statement caption
	USD'000	Average interest rate, %	USD'000	Average interest rate, %	USD'000	USD'000
Consolidated statement of financial position						
Assets						
Cash and cash equivalents						
- In USD	-	-	9,000	5.61%	9,000	199,217
Loans to customers						
- In KGS	-	-	170	1.35%	170	179,466
Allowance for expected credit losses on loans to customers	-	-	-	-	-	(12,712)
Investment in associate	-	-	6,800	-	6,800	6,800
Liabilities						
Current accounts and deposits from customers						
- In USD	7,415	2,39%	2,566	7,97%	9,981	175,493
- In KGS	143	-	872	-	1,015	188,609
-other currencies	179	-	897	-	1,076	43,790
Subordinated debt						
- In other currencies	-	-	1,113	6.91%	1,113	1,113
Other borrowed funds						
- In USD	-	-	1,657	7.9%	1,657	1,930
- In KGS	-	-	29,355	12.7%	29,355	56,548
Profit/(loss)						
Interest income	-	-	16	-	16	47,866
Interest expense	-	-	(2,104)	-	(2,104)	(17,910)
Allowance for expected credit losses on interest bearing assets	-	-	(1)	-	(1)	112
Fee and commission expense	-	-	(134)	-	(134)	(7,993)
Share of profit of associate	-	-	1,728	-	1,728	1,728
Dividends received	-	-	331	-	331	331

39 Fair value of financial instruments

(a) Accounting classifications and fair values

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

	31 December 2024		31 December 2023	
USD'000	**Total carrying amount**	**Fair value**	**Total carrying amount**	**Fair value**
Loans to customers	258,735	231,631	233,680	226,323
Current accounts and deposits from customers	641,528	642,424	407,892	408,345
Other borrowed funds	55,660	52,996	58,478	58,008

The estimates of fair value are intended to approximate 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. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

The estimated fair value of all financial assets and liabilities is calculated using discounted cash flow methods, based on estimated future cash flows and discount rates for similar instruments that exist at the reporting date.

• discount rates of 13.12%-19.88% for local currency and 7.12-12.33% for foreign currency, respectively, were used to discount future cash flows from loans to corporate and retail customers;

• to discount future cash flows from customer deposits, a discount rate of 12.47% for KGS deposits and 3.07% for foreign currency deposits was used;

(b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group's valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates.

During the year ended on 31 December 2024, there were no significant transfers of financial instruments between levels, or changes in the Group's methodology used to value the Group's financial instruments.

Financial assets and liabilities recorded or disclosed at fair value in the accompanying consolidated balance sheets as of 31 December 2024 were classified in their entirety based on the lowest level of input that is significant to the asset or liability's fair value measurement. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Assets are accounted by amortized costs and the following table analyses the fair value of financial instruments, by the level in the fair value hierarchy into which each fair value measurement is categorised as of 31 December 2024:

USD'000	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Cash equivalents	-	440,741	-	440,741	440,741
Deposits in foreign currency	-	9,989	-	9,989	9,989
Investment in securities		21,073		21,073	21,073
Loans to customers	-	-	231,631	231,631	258,735
Liabilities					
Current accounts and deposits from customers	-	642,424	-	642,424	641,528
Other borrowed funds	-	52,996	-	52,996	55,660

The following table analyses the fair value of financial instruments, by the level in the fair value hierarchy into which each fair value measurement is categorised as of 31 December 2023:

USD'000	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Cash equivalents	-	277,451	-	277,451	277,451
Investment in securities		7,906		7,906	7,906
Loans to customers	-		220,056	226,323	233,680
Liabilities					
Current accounts and deposits from customers	-	408,161	-	408,161	407,892
Debt securities issued	-	1,613	-	1,613	1,613
Other borrowed funds	-	58,008	-	58,008	58,478

40 Other information

Brief description of corporate governance practices

The corporate governance practice of CJSC Kyrgyz Investment and Credit Bank is based on the NBKR Provisions on corporate governance in commercial banks of the Kyrgyz Republic, the internal Code of Corporate Governance of the Bank, as well as the best international practices.

The goal of introducing corporate governance practices is to promote efficient, sound and transparent management, which can ensure the Bank's long-term success; increasing confidence in the Bank by promoting positive development of corporate governance in the Bank.

The highest governing body of the Bank is the general meeting of shareholders. Issues attributed to the exclusive competence of the general meeting of shareholders of the bank are determined by the laws of the Kyrgyz Republic and the provisions of the Bank and cannot be transferred to the Board of Directors, management of the Bank or any other body of the Bank.

The Board of Directors of the Bank is the controlling body of the Bank and manages the activities of the Bank between meetings of shareholders. The Bank should be managed by an efficient Board of Directors, which is collegially responsible for the long-term success of the Bank. Members of the Board of Directors of the Bank are elected for a period of three years at a general meeting of shareholders of the Bank. The Board of Directors consists of at least five and no more than nine members in an odd number. At least one third of the composition of the Board of Directors of the Bank must be independent members of the Board of Directors. Regular meetings of the Board of Directors are held at least once a quarter.

The key role of the Board of Directors is to establish the culture, values and ethics of the Bank. The board should provide an example and provide a sample of the standard of conduct for disseminating it to all levels of the organization. This will prevent misconduct, unethical practices and support the achievement of long-term success.

The Board of Directors of the Bank is responsible for creating effective systems of evaluation, monitoring and control in the Bank in order to maintain an adequate level of capital in accordance with the risks in the Bank's activities. To perform its official functions, the Board of Directors of the Bank has the right to establish committees and other auxiliary expert advisory bodies.

The Management of the Bank manages the current activities of the Bank. The Board of Directors appoints management members of the Bank. The members of the Management are appointed for the term stipulated by the Charter of the bank, but not more than five years. Management members may be reassigned. Meetings of the Management of the Bank are held as needed, but at least once a month.

The transparency of the bank management is ensured through a clear division of responsibilities between the Board of Directors and Management of the Bank in process of the management of the Bank's activities.

As of 31 December 2024, the number of employees of the Bank is 1,309 (2023: 1,275).

41 Climate risk

The Bank and its customers may face significant climate risks in the future. These risks include the threat of financial loss and adverse non-financial impacts, which include political, economic and environmental responses to climate change. The main sources of climate risks are defined as physical and transient risks.

Physical risks arise from extreme weather events such as hurricanes, floods and wildfires, as well as long-term changes in climate conditions such as sustained high temperatures, heat waves and droughts.

Transition risks can arise from the transition to a zero-emission economy, such as changes in laws and regulations, litigation related to the inability to compensate or adapt, and changes in the supply and demand for certain goods, products and services due to changes in consumer behaviour and investor demand.

These risks are subject to increasing regulatory, political and public scrutiny, both at national and international level. While some physical risks may be predictable, there are significant uncertainties about the magnitude and timing of their occurrence. With respect to transition risks, uncertainties remain regarding upcoming regulatory and policy changes, consumer demand and supply chain changes.

The Bank expects to be actively involved in incorporating climate risks into its risk management framework, including developing appropriate risk indicators and establishing a Climate Risk Committee responsible for developing policies, processes and controls to integrate climate risks into the management of key risk categories.

In addition, the Bank has revised its policies and procedures to address climate risks and their impact on borrower credit risk. The Bank has also improved its data collection systems to meet its climate-related objectives. While progress has been made, the Bank recognizes the need for further efforts in this area.

42 Subsequent events

As at the date of issue of these financial statements, there were no significant events or transactions that are required to be disclosed in accordance with IAS 10 Events after the reporting period.