КЫРГЫЗ БАНКЫ

NATIONAL BANK OF THE KYRGYZ REPUBLIC

# ANNUAL REPORT

financial statements

# 2024

Bishkek-2025

***Annual Report of the National Bank of the Kyrgyz Republic for 2024.***
***Financial Statements for the year ended on December 31, 2024.***

The report of the National Bank of the Kyrgyz Republic for the year of 2022 is prepared in accordance with Articles 50 and 64 of the constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic" as of August 11, 2022 No.92.

The consolidated financial statements of the National Bank for the year ended on December 31, 2024 are approved with the Resolution of the Board of the National Bank of the Kyrgyz Republic *No.2025-П-15-7-2-(ВД)* of February 19, 2025.

The separate financial statements of the National Bank for the year ended on December 31, 2024 are approved with the Resolution of the Board of the National Bank of the Kyrgyz Republic *No. 2025-П-15-7-3-(ВД)* of February 19, 2025.



Deviations in last digits may occur because of rounding numbers when summing up.



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Prepared for publication by M-MAXIMA LLC
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# FINANCIAL STATEMENTS FOR 2024

IV

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**INDEPENDENT AUDITOR'S REPORT**

To the Management and the Audit Committee of the National Bank of the Kyrgyz Republic:

**Opinion**

We have audited the consolidated financial statements of the National Bank of the Kyrgyz Republic (the "National Bank") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the financial reporting principles disclosed in Note 2 to the consolidated financial statements.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (the "ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the 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.

**Empasis of matter – Basis of accounting**

We draw attention to Note 2 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to assist the National Bank in complying with the constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic".

As a result, the consolidated financial statements probably may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**Responsibilities of the Management and the Audit Committee for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the basis of accounting, described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Group'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 on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and regulations of IFRS, 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 Group's internal control;

– evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

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

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

– obtain sufficient appropriate audit evidence regarding the financial information of the Group and business activities within the Group to express as opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. The auditor is solely responsible for the audit opinion.

We communicate with the Management and Audit Committee 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 the Management and Audit Committee 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.

Kubat Alymkulov
Engagement Partner

Certified accountant, FCCA

Individual auditor registration number No. 11152 dated 16 November 2023.

Registered in the Unified state register of auditors, audit organizations, and professional audit associations.

Audit Partner,

Director, Baker Tilly Bishkek LLC

Nurlan Bekenov
Engagement Partner

Baker Tilly Bishkek LLC is registered in the “Register of audit organizations admitted for audit of public Interest entities and large entrepreneurship entities” of the Unified state register of auditors, audit organizations, professional audit associations. Individual registration number No. 2101510 dated 9 August 2023.

19 February 2025

Bishkek, the Kyrgyz Republic

## NATIONAL BANK OF THE KYRGYZ REPUBLIC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

*(In thousands of soms)*

| | Notes | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| Monetary gold | 7 | 278 261 231 | 127 413 613 |
| Cash on hand, amounts due from banks and other financial institutions | 8 | 119 081 908 | 127 465 578 |
| Loans to banks and international organisations | 9 | – | – |
| Investment securities at fair value through other comprehensive income | 10 | 50 744 342 | 36 325 677 |
| Investment securities at amortised cost | 11 | 22 728 862 | 14 330 901 |
| Investment in associate | 12 | 867 143 | 676 676 |
| Property and equipment | 13 | 2 412 274 | 2 127 855 |
| Intangible assets | | 65 376 | 39 272 |
| Non-monetary gold and gold reserves | 14 | 74 515 568 | 127 985 566 |
| Deferred income tax assets | 30 | 1 767 | 3 725 |
| Other assets | 15 | 2 537 583 | 2 891 360 |
| Non-current assets held for sale | 16 | – | 14 437 340 |
| **Total assets** | | **551 216 054** | **453 697 563** |
| **LIABILITIES** | | | |
| Banknotes and coins in circulation | 17 | 240 424 733 | 207 251 028 |
| Amounts due to banks and other financial institutions | 18 | 128 319 507 | 58 999 018 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 19 | 42 128 960 | 42 636 978 |
| Debt securities issued | 20 | 747 148 | 53 283 397 |
| Liabilities to the IMF in respect of SDR allocations | 21 | 12 904 627 | 10 204 524 |
| Deferred income tax liabilities | 30 | 3 833 | – |
| Other liabilities | 22 | 647 614 | 508 487 |
| Liabilities associated with non-current assets held for sale | 16 | – | 6 542 684 |
| **Total liabilities** | | **425 176 422** | **379 426 116** |
| **EQUITY** | | | |
| Charter capital | 23 | 4 000 000 | 4 000 000 |
| Obligatory reserve | | 8 262 982 | 8 262 982 |
| Revaluation reserve for foreign currencies and monetary gold | | 67 121 351 | 47 886 430 |
| Revaluation reserve for investment securities at fair value through other comprehensive income | | (168 537) | (178 976) |
| Retained earnings | | 46 203 148 | 13 336 437 |
| Reserves associated with non-current assets held for sale | | – | 144 529 |
| **Total equity attributable to the National Bank** | | **125 418 944** | **73 451 402** |
| Non-controlling interests | | 620 688 | 820 045 |
| **Total equity** | | **126 039 632** | **74 271 447** |
| **Total liabilities and equity** | | **551 216 054** | **453 697 563** |

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**Turgunbaev M.Zh.**
***Chairman of the National Bank***

19 February 2025

Bishkek, the Kyrgyz Republic

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**Abylgazieva A.B.**
***Chief Accountant***

19 February 2025

Bishkek, the Kyrgyz Republic

The accompanying notes on pages 18 to 98 are an integral part of these consolidated financial statements.

**NATIONAL BANK OF THE KYRGYZ REPUBLIC**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024**

*(In thousands of soms)*

| | Notes | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|---|
| Interest income calculated using effective interest rate | 24 | 8 906 763 | 5 989 550 |
| Interest expense | 24 | (7 463 581) | (8 441 837) |
| **Net interest income/(expense)** | **24** | **1 443 182** | **(2 452 287)** |
| Fee and commission income | | 210 471 | 167 794 |
| Fee and commission expense | | (42 778) | (56 606) |
| **Net fee and commission income** | | **167 693** | **111 188** |
| Accrual of allowance for expected credit losses | 25 | (203 908) | (79 326) |
| Realised gain on foreign currencies and monetary gold transactions | 26 | 9 648 190 | 14 839 333 |
| Realised gain on non-monetary gold and gold reserves transactions | 27 | 37 322 952 | 33 110 |
| Accrual of allowance for expected credit losses on other assets and contingent liabilities | 25 | (76 179) | (18 670) |
| Share of profit of associate | 12 | 251 142 | 273 115 |
| Other income | 28 | 563 754 | 179 572 |
| **Net non-interest income** | | **47 505 951** | **15 227 134** |
| **Operating income** | | **49 116 826** | **12 886 035** |
| Banknotes and coins production expenses | | (595 956) | (579 354) |
| Administrative expenses | 29 | (2 601 473) | (2 263 082) |
| Other expenses | 28 | (80 116) | (43 966) |
| **Operating expenses** | | **(3 277 545)** | **(2 886 402)** |
| **Profit before tax** | | **45 839 281** | **9 999 633** |
| Income tax expense | 30 | (58 737) | (55 926) |
| **Profit for the year attributable to the National Bank and consolidated subsidiaries** | | **45 780 544** | **9 943 707** |
| Profit associated with non-current assets held for sale | | – | 965 617 |
| Loss related to disposal of non-current assets held for sale | 16 | (439 089) | – |
| **Profit for the year** | | **45 341 455** | **10 909 324** |
| Profit attributable to non-controlling interests | | 38 688 | 63 378 |
| **Profit attributable to the National Bank** | | **45 302 767** | **10 845 946** |

**Turgunbaev M.Zh.**
***Chairman of the National Bank***

19 February 2025

Bishkek, the Kyrgyz Republic

**Abylgazieva A.B.**
***Chief Accountant***

19 February 2025

Bishkek, the Kyrgyz Republic

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## NATIONAL BANK OF THE KYRGYZ REPUBLIC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

*(In thousands of soms)*

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| **Profit for the year** | **45 341 455** | **10 909 324** |
| **Other comprehensive income/(loss) to be reclassified to profit or loss in the subsequent periods subject to meeting certain conditions** | | |
| Revaluation reserve for foreign currencies and monetary gold: | | |
| - net gain on revaluation of assets and liabilities in foreign currencies and monetary gold | 27 018 492 | 25 475 425 |
| - net realised loss on foreign currencies and monetary gold transactions transferred to profit or loss | (7 783 571) | (13 447 960) |
| Reserves associated with assets held for sale | (127 824) | – |
| Revaluation reserve for investment securities at fair value through other comprehensive income: | | |
| - net gain from changes in fair value of investment securities at fair value through other comprehensive income | 4 218 | 85 143 |
| - net realised gain on investment securities at fair value through other comprehensive income transferred to profit or loss | (10 484) | – |
| Recognition of other reserves associated with non-current assets held for sale | – | 81 632 |
| **Other comprehensive income for the year, net of income tax** | **19 100 831** | **12 194 240** |
| **Total comprehensive income for the year** | **64 442 286** | **23 103 564** |
| Attributable to: | | |
| - equity holder of the National Bank (the Kyrgyz Republic) | 64 403 598 | 23 040 072 |
| - non-controlling interests | 38 688 | 63 492 |
| | **64 442 286** | **23 103 564** |

**Turgunbaev M.Zh.**
***Chairman of the National Bank***

19 February 2025

Bishkek, the Kyrgyz Republic

**Abylgazieva A.B.**
***Chief Accountant***

19 February 2025

Bishkek, the Kyrgyz Republic

The accompanying notes on pages 18 to 98 are an integral part of these consolidated financial statements.

**NATIONAL BANK OF THE KYRGYZ REPUBLIC**

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

*(In thousands of soms)*

| | Notes | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Interest received | | 6 242 953 | 4 062 260 |
| Interest paid | | (7 755 569) | (8 220 057) |
| Fees and commissions received | | 226 214 | 167 777 |
| Fees and commissions paid | | (40 740) | (31 852) |
| Net cash inflow from dealing in foreign currencies | 26 | 1 864 623 | 1 391 373 |
| Net cash inflow from dealing in non-monetary gold and gold reserves | 27 | 37 304 146 | 33 110 |
| Other income | | 407 242 | 210 552 |
| Payroll payments | | (1 817 952) | (1 467 659) |
| Banknotes and coins production expenses | | (390 338) | (697 818) |
| Administrative and other expenses excluding payroll expenses | | (625 240) | (620 049) |
| **Cash inflow/(outflow) from operating activities before changes in operating assets and liabilities** | | **35 415 339** | **(5 172 363)** |
| **(Increase)/decrease in operating assets** | | | |
| Cash flows associated with reclassification of an investment in subsidiary to non-current assets held for sale | | – | 2 695 848 |
| Monetary gold | | (116 680 438) | 22 490 639 |
| Amounts due from banks and other financial institutions | | (11 950 596) | 8 036 335 |
| Investment securities at fair value through other comprehensive income | | (16 041 862) | 3 166 609 |
| Loans to banks and international organisations | | – | 2 526 768 |
| Non-monetary gold and gold reserves | | 53 469 998 | (40 062 496) |
| Other assets | | (232 943) | (1 385 733) |
| **Increase/(decrease) in operating liabilities** | | | |
| Banknotes and coins in circulation | | 33 173 706 | 9 315 089 |
| Derivative financial liabilities | | – | – |
| Amounts due to banks and other financial institutions | | 69 358 013 | 1 985 172 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | | (9 731 171) | (4 992 032) |
| Amounts due to customers | | – | 154 618 |
| Debt securities issued | | (52 403 619) | 20 723 446 |
| Other liabilities | | 19 067 | (28 358) |
| **Cash inflow from operating activities** | | **(15 604 506)** | **19 453 543** |
| Income tax paid | | (54 088) | (52 856) |
| **Net cash (outflow)/inflow from operating activities** | | **(15 658 594)** | **19 400 686** |

The accompanying notes on pages 18 to 98 are an integral part of these consolidated financial statements.

**NATIONAL BANK OF THE KYRGYZ REPUBLIC**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

*(In thousands of soms)*

| | Notes | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| **Realisation of a non-current asset in the form of a subsidiary** | 16 | 7 126 432 | – |
| Cash flows associated with reclassification of an investment in subsidiary to non-current assets held for sale | | – | 458 155 |
| Purchase of property and equipment and intangible assets | | (296 538) | (178 873) |
| Proceeds from disposal of property and equipment | | 289 340 | – |
| Purchase of investment securities at amortised cost | | (13 796 530) | (8 374 025) |
| Proceeds from redemption of investment securities at amortised cost | | 6 224 850 | 2 687 964 |
| Interest received on investment securities at amortised cost | | 1 747 479 | 1 193 083 |
| Dividends received | | 60 675 | 39 699 |
| **Net cash inflow/(outflow) from investing activities** | | **1 355 708** | **(4 173 997)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Cash flows associated with reclassification of an investment in subsidiary to non-current assets held for sale | | – | (6 607 884) |
| Dividends paid | | (36 730) | (36 070) |
| **Net cash outflow from financing activities** | | **(36 730)** | **(6 643 954)** |
| **Net (decrease)/increase in cash and cash equivalents** | | **(14 339 616)** | **8 582 738** |
| Effect of expected credit losses on cash and cash equivalents | | (42 478) | 33 437 |
| Effect of changes in foreign exchange rates on cash and cash equivalents | | (5 076 538) | 3 436 836 |
| Cash and cash equivalents, at the beginning of the year | 8 | 105 685 372 | 93 632 364 |
| **Cash and cash equivalents, at the end of the year** | **8** | **86 226 740** | **105 685 372** |
| **Non-cash transactions** | | | |
| Recovery/(transfer) of liabilities to the IMF in respect of SDR allocations from/to the Ministry of Finance of the Kyrgyz Republic | 21 | 3 202 303 | (6 584 371) |

**Turgunbaev M.Zh.**
***Chairman of the National Bank***

19 February 2025

Bishkek, the Kyrgyz Republic

**Abylgazieva A.B.**
***Chief Accountant***

19 February 2025

Bishkek, the Kyrgyz Republic

The accompanying notes on pages 18 to 98 are an integral part of these consolidated financial statements.

## NATIONAL BANK OF THE KYRGYZ REPUBLIC

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

*(In thousands of soms)*

| | Charter capital | Obligatory reserve | Revaluation reserve for foreign currencies and monetary gold | Revaluation reserve for investment securities at fair value through other comprehensive income | Reserves associated with non-current assets held for sale | Retained earnings | Total equity attributable to the National Bank | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2024** | **4 000 000** | **8 262 982** | **47 886 430** | **(178 976)** | **144 529** | **13 336 437** | **73 451 402** | **820 045** | **74 271 447** |
| Profit for the year | – | – | – | – | – | 45 302 767 | 45 302 767 | 38 688 | 45 341 455 |
| **Other comprehensive income** | | | | | | | | | |
| Net loss from investment securities at fair value through other comprehensive income | – | – | – | 4 218 | – | – | 4 218 | – | 4 218 |
| Net realised gain on investment securities at fair value through other comprehensive income transferred to profit or loss | – | – | – | (10 484) | – | – | (10 484) | – | (10 484) |
| Net gain on revaluation of assets and liabilities in foreign currencies and monetary gold | – | – | 27 018 492 | – | – | – | 27 018 492 | – | 27 018 492 |
| Net realised gain on foreign currencies and monetary gold transactions transferred to profit or loss | – | – | (7 783 571) | – | – | – | (7 783 571) | – | (7 783 571) |
| Reserves associated with assets held for sale | – | – | – | 16 705 | (144 529) | – | (127 824) | – | (127 824) |
| **Total comprehensive income for the year** | **–** | **–** | **19 234 921** | **10 439** | **(144 529)** | **45 302 767** | **64 403 598** | **38 688** | **64 442 286** |
| **Transactions recorded directly in equity** | | | | | | | | | |
| Distribution of prior year profit to the State budget (Note 23) | – | – | – | – | – | (12 436 056) | (12 436 056) | – | (12 436 056) |
| Dividends to non-controlling interests | – | – | – | – | – | – | – | (36 731) | (36 731) |
| Decrease in non-controlling interest due to sale of OJSC Keremet Bank | – | – | – | – | – | – | – | (201 314) | (201 314) |
| **Total amounts of transactions recorded directly in equity** | **–** | **–** | **–** | **–** | **–** | **(12 436 056)** | **(12 436 056)** | **(238 045)** | **(12 674 101)** |
| **At 31 December 2024** | **4 000 000** | **8 262 982** | **67 121 351** | **(168 537)** | **–** | **46 203 148** | **125 418 944** | **620 688** | **126 039 632** |

## NATIONAL BANK OF THE KYRGYZ REPUBLIC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

*(In thousands of soms)*

| | Charter capital | Obligatory reserve | Revaluation reserve for foreign currencies and monetary gold | Revaluation reserve for investment securities at fair value through other comprehensive income | Reserves associated with non-current assets held for sale | Retained earnings | Total equity attributable to the National Bank | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2023** | **4 000 000** | **7 244 293** | **35 858 965** | **(279 165)** | **–** | **12 757 103** | **59 581 196** | **792 566** | **60 373 762** |
| Profit for the year | – | – | – | – | – | 10 845 946 | 10 845 946 | 63 378 | 10 909 324 |
| **Other comprehensive income** | | | | | | | | | |
| Net loss from investment securities at fair value through other comprehensive income | – | – | – | 85 029 | – | – | 85 029 | 114 | 85 143 |
| Recognition of other reserves associated with non-current assets held for sale | – | – | – | – | 81 632 | – | 81 632 | – | 81 632 |
| Transfer of other reserves associated with non-current assets held for sale | – | – | – | – | 78 057 | (78 057) | – | – | – |
| Transfer of revaluation reserve for investments in securities at fair value through other comprehensive income | – | – | – | 15 160 | (15 160) | – | – | – | – |
| Net gain on revaluation of assets and liabilities in foreign currencies and monetary gold | – | – | 25 475 425 | – | – | – | 25 475 425 | – | 25 475 425 |
| Net realised gain on foreign currencies and monetary gold transactions transferred to profit or loss | – | – | (13 447 960) | – | – | – | (13 447 960) | – | (13 447 960) |
| **Total comprehensive income for the year** | **–** | **–** | **12 027 465** | **100 189** | **144 529** | **10 767 889** | **23 040 072** | **63 492** | **23 103 564** |
| **Transactions recorded directly in equity** | | | | | | | | | |
| Distribution of prior year profit to the State budget (Note 23) | – | – | – | – | – | (9 168 200) | (9 168 200) | – | (9 168 200) |
| Transfer to obligatory reserve (Note 23) | – | 1 018 689 | – | – | – | (1 018 689) | – | – | – |
| Dividends to non-controlling interests | – | – | – | – | – | – | – | (36 070) | (36 070) |
| Other | – | – | – | – | – | (1 666) | (1 666) | 57 | (1 609) |
| **Total amounts of transactions recorded directly in equity** | **–** | **1 018 689** | **–** | **–** | **–** | **(10 188 555)** | **(9 169 866)** | **(36 013)** | **(9 205 879)** |
| **As at 31 December 2023** | **4 000 000** | **8 262 982** | **47 886 430** | **(178 976)** | **144 529** | **13 336 437** | **73 451 402** | **820 045** | **74 271 447** |

**Turgunbaev M.Zh.**
***Chairman of the National Bank***

19 February 2025

Bishkek, the Kyrgyz Republic

**Abylgazieva A.B.**
***Chief Accountant***

19 February 2025

Bishkek, the Kyrgyz Republic

The accompanying notes on pages 18 to 98 are an integral part of these consolidated financial statements.

*(In thousands of soms)*

# 1 General information

## (a) Organisation and principal activities

The National Bank of the Kyrgyz Republic (the "National Bank") is a legal successor of the State Bank of the Kyrgyz Republic which was renamed by the Law "On the National Bank of the Kyrgyz Republic" dated 12 December 1992 as the National Bank of the Kyrgyz Republic. In 2022, the National Bank worked to bring the legislative acts regulating its activities into conformity with the Constitution of the Kyrgyz Republic. On 30 June 2022, the Jogorku Kenesh (Parliament) of the Kyrgyz Republic adopted the constitutional Law "On the National Bank of the Kyrgyz Republic" which was enacted on 17 August 2022 and currently regulates the activities of the National Bank.

The principal goal of the National Bank is to achieve and maintain stability of prices in the Kyrgyz Republic. To achieve this goal the National Bank is entrusted to perform the following functions: determine and implement the monetary policy for the country; facilitate reliable and secure functioning of the payment system; issue and supply banknotes and coins for circulation; manage international currency reserves; license, regulate and supervise operations of the commercial banks and financial institutions in accordance with the legislation. The National Bank acts as a fiscal agent of the Cabinet of Ministers of the Kyrgyz Republic.

The National Bank's registered office is: 168, Chui ave., Bishkek, Kyrgyz Republic, 720001.

As at 31 December 2024 and 2023, there were 5 regional departments and one representative office of the National Bank operating throughout the Kyrgyz Republic.

As at 31 December 2024 and 2023, the total number of the National Bank's employees is 718 and 721, respectively.

The National Bank is the parent company of the group (the "Group") which includes the following organisations:

| | Percentage of voting shares (%) | | |
|---|---|---|---|
| **Name** | **31 December 2024** | **31 December 2023** | **Activity** |
| OJSC Keremet Bank | - | 97,45 | Banking services |
| OJSC Guarantee Fund | 91,22 | 91,22 | Guarantee issue services |
| CJSC Kyrgyz Cash Collection | 100,00 | 100,00 | Valuable's transportation services |

OJSC Keremet Bank was excluded from consolidation since 29 March 2024, when control was transferred to the Cabinet of Ministers of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic in accordance with the Law of the Kyrgyz Republic dated 1 March 2024 No. 63 "On acquisition by the Cabinet of Ministers of the Kyrgyz Republic of a block of shares of the Open Joint Stock Company Keremet Bank from the National Bank of the Kyrgyz Republic". As at 31 December 2023, 84 770 588 shares of OJSC Keremet Bank, representing 97,45 percent of all common voting shares of OJSC Keremet Bank, were measured at fair value in the amount of 7 126 432 thousand soms.

## 1 General information (continued)

### (a) Organisation and principal activities (continued)

As at 31 December 2024 and 2023, the Group also owns an investment in an associate entity CJSC Interbank Processing Center (46,71% of shares).

These consolidated financial statements were approved by the Management Board of the National Bank on 19 February 2025.

### (b) Business environment

The Kyrgyz Republic has small size open model economy and due to its historically established economic structure is closely integrated into regional trade relations. Being an emerging market economy, the economy of the Kyrgyz Republic remains subject to changes in the external economic environment depending on the situation in the countries-major trading partners, price dynamics in the world food and commodity markets, trends in the world financial and capital markets, etc. As a result, the implementation of financial and economic activities in the Kyrgyz Republic along with internal factors is also associated with the impact of external changes.

The consolidated financial statements reflect management's assessment of the impact of the Kyrgyz Republic business environment on the performance and the financial position of the Group. The actual impact of future economic conditions may differ from management's estimates.

## 2 Basis of preparation and changes in accounting policies

### (a) General

These consolidated financial statements have been prepared to present fairly the consolidated financial position of the Group and the results of its operations in accordance with the accounting policies of the National Bank and with the provisions of the constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic".

The term "fair presentation framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and:

- acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or
- acknowledges explicitly that it may be necessary for the management to depart from a requirement of the framework to achieve fair presentation of the financial statements. Such departures are expected to be necessary only in extremely rare circumstances.

CONTENT

# 2 Basis of preparation and changes in accounting policies (continued)

## (a) General (continued)

The accounting policies of the Group are based on International Financial Reporting Standards (the "IFRS") issued by the IASB and Interpretations issued by the International Financial Reporting Interpretations Committee (the "IFRIC") except as follows:

– monetary gold is revalued based on the market value and if the total net unrealised result from the mark to market of monetary gold and foreign currency assets and liabilities revaluation is a gain, this is recognised through other comprehensive income. Where the total net unrealised result from the mark to market of monetary gold and foreign currency assets and liabilities revaluation is a loss, it is recognised in the consolidated statement of profit or loss except to the extent that it reverses a previous net unrealised gain, otherwise it is recognised as other comprehensive income. At the time of derecognition of monetary gold and foreign currency assets and liabilities, the cumulative gain or loss previously recognised in equity is transferred to the consolidated statement of profit or loss on the basis of the weighted-average cost method.

These consolidated financial statements have been prepared based on the assumption that the Group will continue as a going concern in the foreseeable future.

## (b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for monetary gold as disclosed in Note 3(a) and certain financial instruments measured at fair value.

## (c) Functional and presentation currency of the consolidated financial statements

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The functional currency of the National Bank and its subsidiaries is Kyrgyz som as, being the national currency of the Kyrgyz Republic, reflects the economic substance of the majority of the Group's transactions and circumstances relevant to them that affect its activities. The Kyrgyz som is also the presentation currency of these consolidated financial statements.

Consolidated financial information is presented in soms and rounded to the nearest thousand.

# 3 Significant accounting policies

## (a) Accounting for gold

The assets of the Group in gold are subdivided into "Monetary gold" and "Non-monetary gold and gold reserves" items. Classification of assets in gold and the procedure for operations on purchase and realisation of assets in gold in the financial markets is carried out on the basis of the decision of the Management Board of the National Bank.

### *(i) Monetary gold*

Monetary gold comprises gold on deposits with foreign banks and gold bullion with Good Delivery status of London Bullion Market Association and Shanghai Gold Exchange standard. Monetary gold is the most liquid part of assets in gold formed to implement the monetary policy and generate income from placement.

Monetary gold is accounted for at the market value in the consolidated financial statements. Market value is determined by reference to the London Bullion Market Association Gold Price PM at the day preceding the reporting date. Gain on revaluation at market value of monetary gold is recognised directly in other comprehensive income. Revaluation losses are recognised in the consolidated statement of profit or loss to the extent that they exceed the previous accumulated revaluation gains recognised in other comprehensive income in equity. Realised gains and losses related to monetary gold are subsequently recognised in the consolidated statement of profit or loss.

### *(ii) Non-monetary gold and gold reserves*

Non-monetary gold is represented by non-standard bullion that do not meet generally recognised international standards, as well as gold in the form of plates and pellets.

Gold reserves comprise gold bullion, which meets the requirements of the Good Delivery international quality standard of London Bullion Market Association and Shanghai Gold Exchange standard; bullion that have qualitative characteristics of international quality standards but are not certified by London Bullion Market Association and Shanghai Gold Exchange standard, purchased to form the gold reserves, remelting and other production purposes, and realisation in financial markets.

Gold reserves represented by gold bullion that meet the international standards of gold may be reclassified as gold as an investment asset. At the time of reclassification, gold reserves are revalued at market value with the result of revaluation reflected in other comprehensive income.

Non-monetary gold and gold reserves are intended to form the Group's reserves within the framework of the development prospects of the domestic precious metals market. They do not form the Group's investment assets in gold and do not participate in active deposit operations of the Group.

Non-monetary gold and gold reserves are classified as inventory and are measured at the lower of cost and net realisable value.

Realisation of non-monetary gold and gold reserves is carried out at market value and is recognised at the time of transfer of control over the asset, i.e. when the obligation to perform is fulfilled by transferring the promised asset to the buyer, the buyer has complete freedom of action with respect to the asset and when there is no unfulfilled obligation that may affect the buyer's acceptance of the asset. In order to determine the time of transfer of control over the promised asset, the following must also be taken into account: the assets have been delivered to a specific location, the risks of loss and benefits have passed to buyer, and there is objective evidence that all acceptance criteria have been met and the asset meets the agreed parameters.

CONTENT

*(In thousands of soms)*

# 3 Significant accounting policies (continued)

## (a) Accounting for gold (continued)

### *(ii) Non-monetary gold and gold reserves (continued)*

The transfer of control over gold reserves is considered to have been carried out on the day of the approval of sale transaction, while the unconditional accounts receivable of the buyer for reimbursement of the asset value is recognised, since at that time the receipt of this payment is due only to the passage of time.

## (b) Foreign currency transactions

Foreign currency transactions are translated into the Group's functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate prevailing at the reporting date.

The foreign currency gain or loss on monetary assets and liabilities is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated to the functional currency at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at historical costs are translated to the functional currency at the exchange rate prevailing at transaction date.

Realised gains and losses related to foreign currency transactions are subsequently recognised in the consolidated statement of profit or loss.

### *Foreign exchange rates*

Foreign exchange rates used by the Group in preparing the consolidated financial statements as at 31 December 2024 and 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| US dollar/som | 87,0000 | 89,0853 |
| Euro/som | 90,5844 | 98,5328 |
| Special drawing rights/som | 113,4592 | 119,5599 |
| Canadian dollar/som | 60,4330 | 67,2951 |
| Australian dollar/som | 54,0962 | 60,7695 |
| Great British pound sterling/som | 108,9624 | 113,4902 |
| Chinese renminbi/som | 11,9189 | 12,5343 |
| Russian rouble/som | 0,8292 | 0,9935 |
| Troy ounce of gold/som | 226 991,7000 | 183 729,5227 |

# 3 Significant accounting policies (continued)

## (c) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand in foreign currencies and nostro accounts which are not subject to significant fair value risk and are used by the Group to settle current liabilities.

Cash on hand in the national currency is deducted from the amount of banknotes and coins in circulation.

## (d) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the National Bank and companies controlled by the National Bank. Control is achieved when the National Bank:

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

The Group 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income is distributed between the Group and non-controlling interests. Total comprehensive income of subsidiaries is distributed between the Group and the non-controlling interests, even if this leads to a negative balance of non-controlling interests.

***Non-controlling interests***

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Group.

Non-controlling interests are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from parent shareholders equity.

## (e) Financial assets

Financial assets are recorded in the separate statement of financial position of the Group when the Group becomes a party to the contract with respect to the relevant financial instrument. The Group recognises regular way purchases and sales of financial assets on the trade date.

# 3 Significant accounting policies (continued)

## (e) Financial assets (continued)

### *(i) Classification and measurement of financial assets*

After initial recognition, all recognised financial assets within the scope of IFRS 9 should be measured at amortised cost or at fair value in accordance with the business model of the Group for management of financial assets and characteristics of the contractual cash flows, except for nostro accounts with foreign banks and international financial institutions and investments at fair value through other comprehensive income, which are classified in accordance with the Regulation "On Classification of Financial Assets and Liabilities and Calculation of ECL Allowance for Financial Assets of the National Bank of the Kyrgyz Republic".

In particular:

- debt instruments that are held within a business model whose objective is to collect contractual cash flows that include solely payments of principal and interest are measured at amortised cost after initial recognition.
- debt instruments that are held within a business model whose objective is both to collect contractual cash flows that are solely payments of principal and interest, and to sell the related debt instruments, are measured after initial recognition at fair value through other comprehensive income.
- all other debt instruments (e.g., debt instruments measured at fair value or held for sale) and equity investments are subsequently measured at fair value through profit or loss.

However, the Group makes the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis. In particular:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity instrument investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies; as well as
- the Group may irrevocably elect to designate a debt instrument as at fair value through profit or loss (the "FVTPL") if such debt instrument meets the criteria for recognition at fair value through other comprehensive income (the "FVOCI"), provided that it eliminates or significantly reduces an accounting mismatch ("fair value option").

<u>*Financial assets at fair value through other comprehensive income.*</u> A business model whose objective is to hold assets both to collect contractual cash flows and sell financial assets implies that financial assets are managed both to collect contractual cash flows and sell financial asset. Under this business model, the receipt of cash from the sale of a financial asset is a priority, which is distinguished by a higher frequency and volume of sales compared to the business model "holding assets in order to collect the contractual cash flows". The Group considers the absence or insignificant sales value in prior periods, as well as expectations in the future, not in isolation, but as part of a single holistic analysis of how the stated objective of financial assets management is achieved and how cash flows are realised, and does not accept the above fact as a criteria for reclassification of such assets as an unconditional condition for transfer.

# 3 Significant accounting policies (continued)

## (e) Financial assets (continued)

### *(i) Classification and measurement of financial assets (continued)*

Financial assets at fair value through other comprehensive income include the following assets:

- Nostro accounts with foreign banks and international financial institutions (Note 8);
- Investment securities at fair value through other comprehensive income (Note 10).

The balance of nostro accounts with foreign banks and international financial institutions is maintained to manage liquidity. Payments from nostro accounts with foreign banks and international financial institutions are made to support the current operations of the Group for the performance of its functions.

The main goal when managing investments in state (sovereign) and agency debt instruments, as well as debt instruments of international financial institutions is to ensure liquidity and security of international reserves. Investments in state and agency debt obligations, as well as debt securities of international financial institutions may be sold early in the financial markets to perform the functions of the National Bank. As a result, management have determined that these items are held under a business model to collect and sell and are therefore measured at FVOCI.

The fair value of financial assets measured at FVOCI is determined under IFRS 13 "Fair Value Measurement".

The fair value gains or losses of financial assets measured at FVOCI are recognised in other comprehensive income, until these assets are derecognised, when accumulated profits or losses previously reflected in equity are transferred to profit or loss.

Financial assets at amortised cost. A business model whose objective is to hold assets in order to collect contractual cash flows implies that financial assets are managed to realise cash flows by collecting payments of principal amount and interest over the life of the financial instrument. Within this business model, holding the financial asset till maturity is the priority, but early sale is not prohibited.

Financial assets at amortised cost include the following assets:

- term deposits in foreign banks, term deposits in international financial institutions and cash on hand in foreign currencies (Note 8);
- loans to banks and international organisations (Note 9);
- investment securities at amortised cost (Note 11); and
- accounts receivable (Note 15).

After initial recognition, financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method less any impairment losses.

Financial assets at fair value through profit or loss. All other financial assets which are not classified at FVOCI or amortised cost are measured at FVTPL.

The fair value of financial assets measured at FVTPL is determined under IFRS 13 "Fair Value Measurement".

Gains or losses at fair value for financial assets at FVTPL are recognised in the consolidated statement of profit or loss.

## 3 Significant accounting policies (continued)

### (e) Financial assets (continued)

#### *(i) Classification and measurement of financial assets (continued)*

**Reclassification.** If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. 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 described below in section "Modification and derecognition of financial assets".

#### *(ii) Accounts receivable under reverse sale and repurchase agreements for securities and accounts payable under sale and repurchase agreements*

In the normal course of business, the Group enters into financial assets sale and purchase back agreements (the "repos") and financial assets purchase and sale back agreements (the "reverse repos"). Repo and reverse repo agreements are used by the Group as an element of liquidity management.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus accumulated interest. These agreements are accounted for as financing transactions.

Financial assets sold under repo agreements are accounted for as secured financing transactions, with the securities retained in the consolidated financial statements and the counterparty liability is recorded as received deposit secured by assets as part of depository instruments in banks.

Assets acquired under reverse repos are recorded in the consolidated financial statements as funds placed on a deposit, which is pledged by securities or other assets and are classified as amounts due from banks and/or loans issued.

The Group enters into repo agreements for securities and secured lending transactions for which it receives or transfers collateral in accordance with normal market practice. In accordance with the standard terms and conditions of repurchase transactions in the Kyrgyz Republic, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities upon settlement of the transaction.

The transfer of securities to counterparties is only reflected in the consolidated statement of financial position when the risks and rewards of ownership are also transferred.

#### *(iii) Financial assets and liabilities at fair value through profit or loss*

Financial assets at fair value through profit or loss include derivative financial instruments and include currency interest rate swaps. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. Resulting gains/losses are immediately recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

# 3 Significant accounting policies (continued)

## (e) Financial assets (continued)

### *(iv) Measurement of expected credit losses for assets*

General approach to recognition of expected credit losses. The Group recognises allowances for expected credit losses (ECL) in respect of following financial instruments that are not measured at fair value through profit or loss:

- amounts due from banks and other financial institutions (Note 8);
- loans to banks and international organisations (Note 9);
- investment securities at fair value through other comprehensive income (Note 10);
- investment securities amortised cost (Note 11);
- other financial assets (Note 15) and
- financial guarantees issued (Note 30).

Expected credit losses are not recognised on investments in equity instruments.

With the exception of purchased or originated credit-impaired (the "POCI") financial assets (which are considered separately below), ECLs are required to be measured through an impairment allowance at an amount equal to:

- the amount of credit losses expected in the next 12 months, i.e. that part of the credit losses over the entire term of the financial instrument, which is the ECL due to instances of default on the instrument, which may occur within 12 months after the reporting date ("Stage 1");
- The amount of credit losses expected over the entire term of the financial instrument, which arise as a result of all possible cases of non-performance of obligations under the instrument during its validity period ("Stage 2" and "Stage 3").

An allowance equal to the full amount of credit losses expected over the life of the financial instrument is required when the credit risk on the instrument has increased significantly since initial recognition or in case of default. In all other cases, allowances for expected credit losses are created in the amount equal to the amount of credit losses expected within 12 months.

For purchased or originated credit-impaired financial assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

Following formula is used to calculate ECL:

ECL = EAD * LGD * PD, where

ECL – expected credit losses;

EAD – exposure at default;

LGD – loss given default;

PD – probability of default.

# 3 Significant accounting policies (continued)

## (e) Financial assets (continued)

### *(iv) Measurement of expected credit losses for assets (continued)*

Approach to determining significant increase in credit risk. If there are facts of a significant increase in credit risk since the initial recognition, the Group monitors all financial assets, loan commitments and financial guarantee contracts that are subject to impairment requirements. In the event of a significant increase in credit risk, the Group will measure the loss allowance based on loan lifetime rather than 12-month ECL. In relation to financial assets with a significant increase in credit risk, the term "Stage 2 assets" is used.

When assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity as at the current reporting date when the financial instrument was initially recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Credit-impaired financial assets. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as "Stage 3 assets".

More detailed information on estimation of expected credit losses, criteria for significant increase of credit risk and credit impairment for each group of financial assets is given below.

**Estimation of expected credit losses for amounts due from banks and other financial institutions**

Impairment indicators are determined based on the ratings of international rating agencies (Moody's Investors Service, Fitch Ratings, Standard & Poor's – hereinafter Moody's, Fitch, S&P, respectively), analysis of financial statements of the Group's counterparties and other information, which indicates change in their credit risk.

CONTENT

# 3 Significant accounting policies (continued)

## (e) Financial assets (continued)

### *(iv) Measurement of expected credit losses for assets (continued)*

Approach to determining significant increase in credit risk. Indicators of significant increase of credit risk for these assets are as follows:

- deterioration of the long-term counterparty rating below Baa2 (BBB) according to the classification of one or more rating agencies indicated above compared to the rating upon initial recognition;
- assignment of points to a commercial bank, below a certain level, when calculating limits for counterparties in accordance with the policy of determining limits for counterparties of the Group;
- incurring annual net losses by the counterparty for 2 (two) consecutive years or more;
- delay in fulfilment of obligations to transfer currency in accordance with the payment order of the Group or overdue of the principal and/or interest over 3 (three) days;
- information on large amounts of fines, legal proceedings and other negative information obtained from reliable sources that may affect the counterparty's credit risk during the future reporting period.

Indicators of credit impairment. Indicators of credit impairment of due from banks and other financial institutions are:

- default, i.e. the inability or failure of the counterparty to fulfil its obligations;
- delay in fulfilment of obligations over 30 days;
- a contractor's request for debt restructuring;
- assignment to the counterparty of the rating D/Default, partial/selective default (RD/SD) by one or several rating agencies;
- other negative information obtained from reliable sources, which is an indicator of the significant financial difficulties of the counterparty, which does not allow him to fulfil obligations under an agreement with the Group.

Calculation of expected credit losses for amounts due from banks and other financial institutions.

EAD for nostro accounts is equal to the average balance of the current account (calculated as the average value of account balances at the end of each month over the past 12 months), converted to soms at the official exchange rate of the National Bank as at the reporting date.

EAD for term deposits in foreign banks, term deposits in international financial institutions is equal to the future discounted value of contractual cash flows on assets (principal and interest), converted to soms at the official exchange rate of the National Bank as at the reporting date.

# 3 Significant accounting policies (continued)

## (e) Financial assets (continued)

### *(iv) Measurement of expected credit losses for assets (continued)*

Loss given default is the share of difference between cash flows, which are due to the Group in accordance with the contract, and cash flows, which the Group expects to receive in case of default of the counterparty. LGD vary from nil to 100% and are calculated using the following formula:

LGD =100% – RR, where

RR (recovery rate) is an indicator of the share of the refund in case of default of the counterparty or instrument according to rating agencies.

The average cumulative default rates, published and updated by the international rating agency Moody's, are used as the probability of default (PD). Similar rates from the rating agency S&P are used as an alternative. If the counterparty does not have a rating agency both from Moody's and S&P, a similar rating from Fitch is used.

**Assessment of expected credit losses on investment securities at fair value through other comprehensive income**

<u>Approach to determining significant increase in credit risk.</u> An indication of a significant increase in credit risk for investment securities at fair value through other comprehensive income is a decrease in the issuer rating by two (2) or more levels on the scale of an international rating agency as compared to the rating at initial recognition.

<u>Indicators of credit impairment.</u> Evidence of credit impairment of investment securities at fair value through other comprehensive income comprises:

- default, i.e. the inability or failure of the counterparty to fulfil its obligations;
- delay in fulfilment of obligations over 30 days;
- a contractor's request for debt restructuring;
- assignment to the counterparty of the rating D/Default, partial/selective default (RD/SD) by one or several rating agencies;
- other negative information obtained from reliable sources, which is an indicator of the significant financial difficulties of the counterparty, which does not allow him to fulfil obligations under an agreement with the Group.

<u>Measurement of expected credit losses on investment securities at fair value through other comprehensive income</u>

EAD for investment securities at fair value through other comprehensive income is equal to the discounted value of contractual cash flows on assets (principal and interest), converted to soms at the official exchange rate of the National Bank as at the reporting date. The discount factor for discounting contractual cash flows on placements with banks is the effective interest rate on the financial asset.

# 3 Significant accounting policies (continued)

## (e) Financial assets (continued)

### *(iv) Measurement of expected credit losses for assets (continued)*

Loss given default is the share of difference between cash flows, which are due to the Group in accordance with the contract, and cash flows, which the Group expects to receive in case of default of the counterparty. LGD vary from nil to 100% and are calculated using the following formula:

LGD =100% – RR, where

RR (recovery rate) is an indicator of the share of the refund in case of default of the counterparty or instrument according to rating agencies.

The average cumulative default rates, published and updated by the international rating agency Moody's, are used as the probability of default (PD). Similar rates from the rating agency S&P are used as an alternative. If the counterparty does not have a rating agency both from Moody's and S&P, a similar rating from Fitch is used.

**Assessment of expected credit losses on investment in securities at amortised cost**

<u>Approach to determining significant increase in credit risk.</u> Indicator of significant deterioration in credit risk for investment securities at amortised cost is a decrease in the sovereign rating of the Kyrgyz Republic by 2 (two) or more levels in accordance with scale of an international rating agency within one year (in the last 12 months).

<u>Indicator of credit impairment.</u> Indicator of credit impairment of investment securities at amortised cost is breach of contractual obligations for a period of more than 30 days without taking into account the officially granted period of deferment of payments.

<u>Calculation of expected credit losses on investment in securities at amortised cost</u>

EAD for investment securities at amortised cost is equal to the present value of the principal amount balance of securities and interest receivable in future.

LGD for investment securities at amortised cost is calculated based on the sovereign rating of the Kyrgyz Republic.

Weighted cumulative default rates corresponding to the sovereign rating of the Kyrgyz Republic are used as the probability of default on investment securities at amortised cost.

**Estimation of expected credit losses for loans to banks and international organisations**

At initial recognition a loan is assigned low risk of default, i.e. the loan is included in Stage 1 loans, except for loans of last resort and loans to maintain liquidity issued to a bank, which was defined as unreliable under the risk-based supervision system of the National Bank, PD for which is determined as being equal to 100%.

<u>Approach to determining significant increase in credit risk.</u> If the value of PD of a bank or international organisation in the reporting period is among 40 or 10 percent of the highest PD throughout the entire banking system of the Kyrgyz Republic over the past 60 months, this fact is regarded as a significant increase in credit risk of the bank and international organisation.

# 3 Significant accounting policies (continued)

## (e) Financial assets (continued)

### *(iv) Measurement of expected credit losses for assets (continued)*

Indicator of credit impairment. Indicator of credit impairment of a loan issued is the failure to fulfil contractual obligations for following periods:

- for overnight loan and 7-day loan – for a period of more than 1 (one) day without taking into account the officially granted grace period;
- for other loans, with the exception of liquidity loan issued to unreliable bank – for a period of more than 30 (thirty) days without taking into account the officially granted period of deferment of payments.

Calculation of expected credit losses for loans to banks and international organisations

EAD for loans issued is equal to the present value of the principal amount of the loan and interest on loans receivable in the future.

LGD for loans issued depends on the structure of the collaterals, and the following formula is used:

$$LGD = \frac{EAD - [\sum_{i=1}^{n} Collateral_i * (1 - Disc\_factor_i)]}{EAD}$$ , where

EAD – exposure at default;
$\text{Collateral}_i$ – value of a specific type of collateral;
$\text{Disc\_factor}_i$ – discount factor corresponding to a specific type of collateral.

PD for loans issued is calculated on the basis of a specialised model, which is based on trend of borrowers' financial ratios and trend of the main macroeconomic indicators of banks and financial institutions that received loans.

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specific payments to recover losses incurred by the guarantee holder due to the fact that the borrower fails to make timely payments in accordance with the terms of the debt instrument.

Obligations for financial guarantee contracts entered into by the Group are initially measured at fair value, and subsequently (if management does not classify them as FVTPL) are recorded at the highest of the following values:

- amount of the ECL allowance determined in accordance with IFRS 9; and
- amount initially recognised less, where appropriate, cumulative amortisation recognised in the consolidated statement of profit or loss.

Financial guarantee contracts that are not classified as FVTPL are presented as an estimated liability in the consolidated statement of financial position, and the results of the revaluation are recorded as other income in the consolidated statement of profit or loss.

# 3 Significant accounting policies (continued)

## (e) Financial assets (continued)

### *(v) Presentation of allowance for expected credit losses in the consolidated statement of financial position*

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

- for financial assets at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments at fair value through other comprehensive income: allowance for expected credit losses is included in the carrying amount of the asset, with the amount of the revaluation recognised in the investment revaluation reserve.
- for commitments to extend loans and financial guarantee contracts: as a provision; and
- 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 impairment 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 impairment allowance over the gross amount of the drawn component is presented as a provision.

### *(vi) Modification and derecognition of financial assets*

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified the Group assesses whether this modification results in derecognition. Modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers qualitative and quantitative factors. If the difference in present value is greater than 10% the Group deems the modified terms are substantially different from the original contractual terms leading to derecognition.

The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

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

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

## 3 Significant accounting policies (continued)

### (e) Financial assets (continued)

#### *(vi) Modification and derecognition of financial assets (continued)*

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group repurchases its own debt, it is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains or losses arising from early retirement of debt.

The Group writes off assets that are deemed to be uncollectible after all measures on collection of debt have been undertaken.

### (f) Lease

***Group as lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises the right-of-use assets at the commencement date of the lease (that is, the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are tested for impairment.

# 3 Significant accounting policies (continued)

## (f) Lease (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments, which will be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to short-term leases (i.e. contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below USD 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

***Operating – Group as lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## 3 Significant accounting policies (continued)

### (g) Impairment of non-financial assets

Other non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount.

### (h) Investment in associate

Investment in associate of the Group is accounted for using the equity method, according to which the investments are initially measured at cost, and then their value is adjusted to reflect the change in the investor's share in the net assets of the investee after the acquisition. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

Dividends received from the investee as a result of the distribution of profits reduce the carrying amount of the investment.

The Group discontinues recognising its share of further losses when the Group's cumulative share of losses of an investee equals or exceeds its interest in that investee.

### (i) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses in the consolidated financial statements. 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 is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated.

The estimated useful lives are as follows:

| | |
|---|---|
| Buildings | 50-75 years |
| Constructions | 20 years |
| Furniture and equipment | 7 years |
| Computer equipment | 7 years |
| Motor vehicles | 7 years |
| Land improvements | 10 years |

## 3 Significant accounting policies (continued)

### (j) Intangible assets

Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses in the consolidated financial statements.

Acquired computer software licenses and expenses to bring to use the specific software are included in the cost of the relevant intangible asset.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are no more than 5 years.

### (k) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) with the sale, being highly probable and expected to qualify for recognition as held for sale within one year from the date of classification.

If the Group has adopted a plan to sell the controlling shareholding of a subsidiary, all assets and liabilities of that subsidiary shall be reclassified as held for sale in accordance with the above criteria, regardless of whether the Group retains non-controlling interests in the former subsidiary after the sale.

If the Group has adopted a sales plan in respect of disposal of a financial investment or part of a financial investment in an associate or joint venture, that financial investment or part thereof shall be classified as held for sale, provided that the conditions set out above are met. The Group ceases to apply the equity method to the part classified as held for sale.

The remaining portion of investment in an associate or joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group ceases to apply the equity method at the time of disposal if the disposal results in the loss of significant influence of the Group on the associate or joint venture.

# 3 Significant accounting policies (continued)

## (l) Financial liabilities

The Group recognises financial liabilities in its consolidated statement of financial position when it becomes a party to the contractual obligations of the instrument. The Group recognises regular way purchases and sales of financial liabilities on the trade date.

All of the Group's financial liabilities, other than derivative financial liabilities, are carried at amortised cost.

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

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that 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 rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

CONTENT

# 3 Significant accounting policies (continued)

## (m) Banknotes and coins in circulation

Banknotes and coins in circulation are recorded in the consolidated statement of financial position at their nominal value. Banknotes and coins in circulation are recorded as a liability. Banknote and coins in national currency held in the vaults and cash offices are not included in the banknotes and coins in circulation.

Production costs of banknotes and coins that are not in circulation are recorded within other assets until released into circulation.

Expenses on production of banknotes and coins issued into circulation include expenses for security, transportation, insurance and other expenses. Expenses on production of banknotes and coins are recognised upon their issuance into circulation and are recorded as a separate item in the consolidated statement of profit or loss.

## (n) Charter capital and reserves

The Group has a fixed amount of charter capital. Increases and decreases of the amount of charter capital are implemented through amendments to the constitutional Law "On the National Bank of the Kyrgyz Republic". Charter capital of the Group is recognised at cost.

The obligatory reserve has been created through the capitalisation of a portion of net profit upon its distribution to the state budget as established by the Law. The obligatory reserve is recognised at cost.

## (o) Taxation

In accordance with legislation of the Kyrgyz Republic, the National Bank is exempt from income tax. All other compulsory payments to the budget, which are assessed on the National Bank's activities, are accrued and paid in accordance with the Tax Code of the Kyrgyz Republic. Taxes that the National Bank pays as a tax agent are included as a component of administrative expenses in the consolidated statement of profit or loss.

Subsidiaries and associate of the National Bank are payers for all types of taxes.

The amount of income tax includes the amount of current tax and the amount of deferred tax. Income tax is recognised in profit or loss in full, with the exception of amounts related to transactions recorded in other comprehensive income, or to transactions with owners reflected directly in equity accounts, which are accordingly reflected in other comprehensive income or directly in equity. Current income tax is calculated on the basis of the estimated taxable profit for the year, taking into account income tax rates in effect at the reporting date, as well as the amount of liabilities resulting from the specification of income tax amounts for previous reporting years.

CONTENT

# 3 Significant accounting policies (continued)

## (o) Taxation (continued)

Deferred tax assets and deferred tax liabilities are 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 assets and deferred tax liabilities are not recognised in respect of 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 tax assets and liabilities 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 assets and deferred tax liabilities are 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.

Deferred tax assets are 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.

# 3 Significant accounting policies (continued)

## (p) Income and expense recognition

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

Fee and commission income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period as respective performance obligations are satisfied. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

Fee and commission income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as where the Bank's performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to certain performance obligations are recognised after fulfilling the corresponding criteria. When the contract provides for a variable consideration, fee and commission income is only recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur until the uncertainty associated with the variable consideration is subsequently resolved.

Other income and expenses are recognised in profit or loss when the corresponding service is provided.

Interest income and expense for all financial instruments except for those designated as at 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. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period.

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

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

# 3 Significant accounting policies (continued)

### (p) Income and expense recognition (continued)

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

### (q) Fiduciary assets

The Group provides agency services that result in holding of assets on behalf of third parties. These assets and income arising thereon are excluded from these consolidated financial statements as they are not assets of the Group.

### (r) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. An offsetting right must not be preconditioned by a future event and must have a legal force at all circumstances:

- the normal course of business;
- in the event of default; and
- the event of insolvency or bankruptcy of the entity or any of the counterparties.

Income and expenses are presented on a net basis in the consolidated statement of profit or loss only when permitted under IFRS.

# 4 Adoption of new and revised standards

The Group applied the following new and revised standards and amendments, which are effective for annual periods beginning on 1 January 2024:

- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" which will introduce targeted disclosure requirements that will enhance transparency of supplier finance arrangements and their effects on liabilities and cash flows.
- Amendments to IAS 1 "Presentation of Financial Statements" requires to classify liabilities as current or noncurrent based on rights to defer settlement for at least 12 months which must exist and have a substance as at the reporting date. Only covenants with which a company must comply on or before the reporting date may affect this right.
- Amendments to IFRS 16 "Leases" which introduce a new model for accounting of variable payments and will require seller-lessees to reassess and possibly restate sale-leaseback transactions.

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

**New standards, interpretations and amendments thereof**

New standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below.

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates", which requires a consistent approach to assessing whether one currency can be exchanged for another and when it cannot, regulates the determination of the exchange rate and includes requirements for necessary disclosures in financial statements;
- The introduction of IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out the presentation and disclosure requirements for general purpose financial statements and will replace IAS 1 "Presentation of Financial Statements";
- Introduction of IFRS 19 "Subsidiaries without Public Responsibility: Disclosures". Under this standard, subsidiaries that meet certain criteria may apply simplified disclosure requirements in their consolidated, separate or individual financial statements;
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" to clarify the requirements for classification and measurement of financial instruments. The main changes include:
  - clarifying the classification of financial assets with reference to environmental, social (ESG) and similar indicators: the characteristics of loans related to ESG may affect whether loans are measured at amortised cost or fair value. The amendments clarify how contractual cash flows for such loans should be measured;
  - settlement of liabilities through electronic payment systems. The amendments clarify the date on which a financial asset or financial liability is derecognised.

CONTENT

## 4 Adoption of new and revised standards (continued)

**New standards, interpretations and amendments thereof (continued)**

- Introduction of IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures" which provide a framework for banks to report on all sustainability-related topics across the areas of governance, strategy and risk management. These standards are also designed to disclose information that is expected to affect the assessments that investors make about future cash flows.

The Group intends to adopt these standards, amendments and interpretations if applicable, when they become effective. An analysis of the potential effect of adoption of these standards on consolidated financial statements has not yet been conducted.

## 5 Significant assumptions and sources of estimation uncertainty

In the application of the Group's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are based on past experience and other factors that are deemed to be relevant in specific circumstances. Actual outcomes could differ from these estimates.

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

**Significant assumptions**

***Expected credit losses from financial assets***

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the expected credit losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of expected credit losses allowances. The Group's expected credit losses calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the expected credit losses models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so expected credit losses allowances for financial assets should be measured on a life-time expected credit losses basis and the qualitative assessment;
- Development of expected credit losses models, including the various formulae and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the expected credit losses models.

More details are provided in Notes 25, 32.

## 6 Reclassifications

Certain reclassifications have been made to the consolidated financial statements for the year ended 31 December 2023 to conform to the presentation of consolidated financial statements for the year ended 31 December 2024. In 2024 realised gain on non-monetary gold and gold reserves transactions item is highlighted in the consolidated statement of profit or loss. In order to achieve transparency and comparability of information, the necessary transfer of relevant income and expenses for 2023 has been carried out. These changes did not affect the financial results in the consolidated financial statements for the year ended 31 December 2023.

Impact of changes on the consolidated financial statements for the year ended 31 December 2023 is provided below:

(in thousands of soms)

| **Items of consolidated statement of profit or loss for the year ended 31 December 2023** | **Before reclassification** | **Reclassification amount** | **Result of reclassification** |
|---|---|---|---|
| Realised gain on non-monetary gold and gold reserves transactions | – | 33 110 | 33 110 |
| Other income | 520 472 | (340 900) | 179 572 |
| Other expenses | (351 756) | 307 790 | (43 966) |

(in thousands of soms)

| **Items of consolidated statement of cash flows for the year ended 31 December 2023** | **Before reclassification** | **Reclassification amount** | **Result of reclassification** |
|---|---|---|---|
| Net cash inflow from dealing in non-monetary gold and gold reserves | - | 33 110 | 33 110 |
| Other income | 551 452 | (340 900) | 210 552 |
| Administrative and other expenses excluding payroll expenses | (927 839) | 307 790 | (620 049) |

## 7 Monetary gold

| | **31 December 2024** | **31 December 2023** |
|---|---|---|
| **Monetary gold** | | |
| Gold in accounts with foreign banks and in bullion | 278 261 231 | 127 413 613 |
| | **278 261 231** | **127 413 613** |

Gold in accounts with foreign banks and gold bullion meets the standards of London Bullion Market Association and Shanghai Gold Exchange standards.

**Concentration of gold on deposits in foreign banks**

As at 31 December 2024 and 2023 the Group has gold on accounts with foreign banks with a credit rating of A+ assigned by Fitch Ratings Inc. (the “Fitch”).

As at 31 December 2024 and 2023 the Group has gold balances on accounts with foreign banks exceeding 10% of equity.

*(In thousands of soms)*

# 8 Cash on hand, amounts due from banks and other financial institutions

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Accounts and deposits with banks** | | |
| **Nostro accounts with banks** | | |
| - rated at AAA | 1 669 420 | 2 189 137 |
| - rated from AA- to AA+ | 25 422 772 | 34 189 664 |
| - rated from BB- to BBB | 28 443 | 36 886 |
| - not rated | 3 500 274 | 4 149 924 |
| **Total nostro accounts with banks** | **30 620 909** | **40 565 611** |
| Allowance for expected credit losses | (212 937) | (170 469) |
| | **30 407 972** | **40 395 142** |
| **Term deposits with banks** | | |
| - rated from AA- to AA+ | 18 029 000 | 8 399 257 |
| - rated from A- to A+ | 11 560 421 | 10 794 352 |
| - not rated | 3 280 714 | 2 597 201 |
| **Total term deposits with banks** | **32 870 135** | **21 790 810** |
| Allowance for expected credit losses | (14 967) | (10 442) |
| | **32 855 168** | **21 780 368** |
| **Accounts and deposits with international financial institutions** | | |
| Account with the International Monetary Fund (IMF) | **18 239 947** | **15 809 958** |
| Accounts with the Bank for International Settlements (BIS) | 17 093 868 | 28 501 250 |
| **Total accounts and deposits with international financial institutions** | 35 333 815 | 44 311 208 |
| Allowance for expected credit losses | (30) | (20) |
| | **35 333 785** | **44 311 188** |
| Cash on hand in foreign currencies | 20 484 983 | 20 978 880 |
| | **119 081 908** | **127 465 578** |

### Concentration of amounts due from banks and other financial institutions

As at 31 December 2024 and 2023, the Group has accounts with three banks and other financial institutions rated AA+, whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2024 is 50 799 775 thousand (at 31 December 2023: 70 511 246 thousand soms).

The credit ratings are presented by reference to the credit ratings of Fitch credit rating agency or analogues of similar international agencies.

Movement in the allowance for expected credit losses is disclosed in Notes 25, 32.

*(In thousands of soms)*

# 8 Cash on hand, amounts due from banks and other financial institutions (continued)

### Cash and cash equivalents

Cash and cash equivalents for the purposes of the consolidated statement of cash flows comprise the following:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Nostro accounts with foreign banks included in cash equivalents | 30 407 972 | 40 395 304 |
| Nostro account with BIS | 17 093 850 | 28 501 242 |
| Account with the IMF | 18 239 935 | 15 809 946 |
| Cash on hand in foreign currencies | 20 484 983 | 20 978 880 |
| **Cash and cash equivalents in the consolidated statement of cash flows** | **86 226 740** | **105 685 372** |

Cash equivalents are not overdue.

# 9 Loans to banks and international organisations

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Loans issued to resident commercial banks** | | |
| - not rated | 155 605 | 159 335 |
| **Total loans to banks and international organisations before allowance for expected credit losses** | **155 605** | **159 335** |
| Allowance for expected credit losses | (155 605) | (159 335) |
| **Loans to banks and international organisations** | **–** | **–** |

The credit ratings are presented by reference to the credit ratings of Fitch credit rating agency or analogues of similar international agencies.

As at 31 December 2024 and 2023 the Group does not have loans issued to banks and international organisations whose balances exceeded 10% of total equity.

Movement in the allowance for expected credit losses is disclosed in Notes 25, 32.

CONTENT

*(In thousands of soms)*

CONTENT

## 10 Investment securities at fair value through other comprehensive income

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Debt securities** | | |
| **Government securities** | | |
| Treasury bonds of the Government of the People's Republic of China with A+ credit rating | 6 886 134 | – |
| Treasury bonds of the Government of Canada with AA+ credit rating | 1 082 376 | – |
| **Total government securities** | **7 968 510** | **–** |
| Debt securities of international financial institutions without a credit rating | 38 504 361 | 33 687 919 |
| Agency securities with credit rating AAA | 4 271 471 | 2 637 758 |
| | **50 744 342** | **36 325 677** |

As at 31 December 2024 and 2023 investment securities at fair value through other comprehensive income are not overdue.

As at 31 December 2024 and 2023 the Group had one counterparty, whose balance exceeded 10% of the Group’s equity. As at 31 December 2024, the credit risk exposure in respect of this counterparty amounted to 29 456 905 thousand soms (31 December 2023: 27 747 064 thousand soms).

The credit ratings are presented by reference to the credit ratings of Fitch credit rating agency or analogues of similar international agencies.

Movement in the allowance for expected credit losses is disclosed in Notes 25, 32.

## 11 Investment securities at amortised cost

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Treasury bonds of the Ministry of Finance of the Kyrgyz Republic with B- credit rating | 23 159 444 | 14 569 557 |
| Allowance for expected credit losses | (430 582) | (238 656) |
| | **22 728 862** | **14 330 901** |

Movement in the allowance for expected credit losses is disclosed in Notes 25, 32.

*(In thousands of soms)*

## 12 Investment in associate

The movement of investment in associate is as follows:

| | Carrying amount |
|---|---|
| **1 January 2023** | **458 266** |
| Share of profit of associate | 273 115 |
| Dividends received from associate | (39 699) |
| Disposal of interest in associate as a result of reclassification of subsidiary to non-current assets held for sale | (15 006) |
| **31 December 2023** | **676 676** |
| Share of profit of associate | 251 142 |
| Dividends received from associate | (60 675) |
| **31 December 2024** | **867 143** |

| Investment in associate | Activity | Share of ownership, % | 31 December 2024 | Share of ownership, % | 31 December 2023 |
|---|---|---|---|---|---|
| CJSC Interbank Process Center | Processing services | 46,71 | 867 143 | 46,71 | 676 676 |
| | | | **867 143** | | **676 676** |

The Group’s associate is registered and operates in the Kyrgyz Republic.

NATIONAL BANK OF THE KYRGYZ REPUBLIC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

*(In thousands of soms)*

## 13 Property and equipment

| | Land | Buildings and constructions | Furniture and equipment | Computer equipment | Motor vehicles | Construction in progress and equipment to be installed | Total |
|---|---|---|---|---|---|---|---|
| ***Cost*** | | | | | | | |
| **At 1 January 2024** | **209 036** | **1 056 604** | **662 741** | **528 131** | **161 756** | **540 022** | **3 158 290** |
| Additions | – | 4 228 | 413 025 | 59 985 | 13 318 | 113 394 | 603 950 |
| Disposals | (74 384) | (505) | (24 559) | (392 928) | (10 208) | (9 766) | (512 350) |
| Transfers | – | 60 272 | 3 670 | (1 314) | – | (66 011) | (3 383) |
| **At 31 December 2024** | **134 652** | **1 120 599** | **1 054 877** | **193 874** | **164 866** | **577 639** | **3 246 507** |
| ***Depreciation*** | | | | | | | |
| **At 1 January 2024** | **–** | **(228 502)** | **(297 520)** | **(430 390)** | **(74 023)** | **–** | **(1 030 435)** |
| Charge for the year | – | (25 494) | (135 616) | (50 379) | (21 525) | – | (233 014) |
| Disposals | – | 486 | 24 541 | 392 925 | 10 208 | – | 428 160 |
| Transfers | – | – | (7) | 1 063 | – | – | 1 056 |
| **At 31 December 2024** | **–** | **(253 510)** | **(408 602)** | **(86 781)** | **(85 340)** | **–** | **(834 233)** |
| ***Carrying amount*** | | | | | | | |
| **At 31 December 2024** | **134 652** | **867 089** | **646 275** | **107 093** | **79 526** | **577 639** | **2 412 274** |

*(In thousands of soms)*

## 13 Property and equipment (continued)

| | Land | Buildings and constructions | Furniture and equipment | Computer equipment | Motor vehicles | Construction in progress and equipment to be installed | Total |
|---|---|---|---|---|---|---|---|
| ***Cost*** | | | | | | | |
| **At 1 January 2023** | **209 036** | **1 158 402** | **589 930** | **645 644** | **170 558** | **527 826** | **3 301 396** |
| Additions | – | 20 | 101 131 | 20 957 | 28 358 | 126 613 | 277 079 |
| Disposals | – | – | (100 730) | (16 463) | (36 935) | (29 750) | (183 878) |
| As a result of reclassification of a subsidiary to non-current assets held for sale | – | (160 497) | 57 318 | (122 345) | (225) | – | (225 749) |
| Transfers | – | 58 679 | 15 092 | 338 | – | (84 667) | (10 558) |
| **At 31 December 2023** | **209 036** | **1 056 604** | **662 741** | **528 131** | **161 756** | **540 022** | **3 158 290** |
| ***Depreciation*** | | | | | | | |
| **At 1 January 2023** | **–** | **(206 225)** | **(200 941)** | **(408 608)** | **(87 486)** | **–** | **(903 260)** |
| Charge for the year | – | (24 090) | (90 414) | (76 232) | (22 527) | – | (213 263) |
| Disposals | | – | 100 730 | 16 463 | 36 935 | – | 154 128 |
| As a result of reclassification of a subsidiary to non-current assets held for sale | – | 1 813 | (106 895) | 37 987 | (945) | – | (68 040) |
| **At 31 December 2023** | **–** | **(228 502)** | **(297 520)** | **(430 390)** | **(74 023)** | **–** | **(1 030 435)** |
| ***Carrying amount*** | | | | | | | |
| **At 31 December 2023** | **209 036** | **828 102** | **365 221** | **97 741** | **87 733** | **540 022** | **2 127 855** |

During 2024 property and equipment transferred to the intangible assets in the amount of 3 383 thousand soms (2023: 10 558 thousand soms).

As at 31 December 2024 and 2023 the Group's fully depreciated property, equipment and intangible assets amounted to 28 987 thousand soms and 25 152 thousand soms, respectively.

CONTENT

*(In thousands of soms)*

## 14 Non-monetary gold and gold reserves

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Gold reserves | 72 245 123 | 122 139 214 |
| Non-monetary gold | 2 270 445 | 5 846 352 |
| | **74 515 568** | **127 985 566** |

During 2024 the National Bank conducted operations with gold that is not part of international reserves on sale on the foreign market, as well as on purchase with the aim to form the National Bank's reserves as part of the prospects for development of the domestic precious metals market. Information on revenue and cost of sales of non-monetary gold and gold reserves is disclosed in Note 27.

## 15 Other assets

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Accounts receivable | 512 695 | 510 740 |
| Allowance for expected credit losses | (121 211) | (135 001) |
| **Total other financial assets** | **391 484** | **375 739** |
| Advances paid | 1 382 058 | 1 631 618 |
| Inventory | 590 839 | 778 939 |
| Numismatic items | 160 617 | 96 210 |
| Others | 12 585 | 8 854 |
| **Total other non-financial assets** | **2 146 099** | **2 515 621** |
| | **2 537 583** | **2 891 360** |

Movement in the allowance for expected credit losses is disclosed in Notes 25, 32.

As at 31 December 2024 and 2023 advances paid comprise prepayment to an entity with state ownership for construction and installation works on construction in progress in the amount of 1 171 362 thousand soms.

*(In thousands of soms)*

## 16 Non-current assets held for sale

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Non-current assets held for sale | – | 14 437 340 |
| | **–** | **14 437 340** |

Loss related to disposal of non-current assets held for sale is presented as follows:

| | 29 March 2024 |
|---|---|
| Non-current assets held for sale | 13 891 694 |
| Liabilities associated with non-current assets held for sale | (5 873 514) |
| **Net assets associated with non-current assets held for sale** | **8 018 180** |
| Share of the National Bank in net assets of OJSC Keremet Bank | 7 813 716 |
| Reserves associated with assets held for sale | (127 824) |
| Adjustment for changes in the fair value of assets held for sale | (120 371) |
| Received compensation for non-current assets held for sale (OJSC Keremet Bank) | (7 126 432) |
| **Loss related to disposal of non-current assets held for sale** | **(439 089)** |

## 17 Banknotes and coins in circulation

As at 31 December 2024 and 2023, banknotes and coins in circulation comprise:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Banknotes and coins in circulation | 243 313 538 | 210 545 932 |
| Less banknotes and coins on hand in national currency | (2 888 805) | (3 294 904) |
| | **240 424 733** | **207 251 028** |

Banknotes and coins in circulation represent the face value of the amount of banknotes and coins in circulation held by the public and organisations.

*(In thousands of soms)*

## 18 Amounts due to banks and other financial institutions

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Accounts of commercial banks | 80 911 121 | 45 510 202 |
| Accounts of commercial banks and financial institutions owned by the Cabinet of Ministers of the Kyrgyz Republic | 46 343 648 | 11 747 956 |
| Accounts of other financial institutions | 1 064 738 | 1 740 860 |
| | **128 319 507** | **58 999 018** |

As at 31 December 2024 the Group has five commercial bank account balances individually in excess of 10% of equity (as at 31 December 2023: two commercial banks). The gross value of balances in the accounts of these banks as at 31 December 2024 is 95 667 611 thousand soms (as at 31 December 2023: 17 510 937 thousand soms).

## 19 Amounts due to the Cabinet of Ministers of the Kyrgyz Republic

Amount due to the Cabinet of Ministers of the Kyrgyz Republic comprise funds in the current accounts of the Ministry of Finance of the Kyrgyz Republic.

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| In national currency | 41 773 714 | 42 179 078 |
| In foreign currency | 355 246 | 457 900 |
| | **42 128 960** | **42 636 978** |

## 20 Debt securities issued

As at 31 December 2024 and 2023 debt securities issued include securities with the following maturities and carrying amounts:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Notes of the National Bank with 7 days maturity | 747 148 | 319 683 |
| Notes of the National Bank with 28 days maturity | – | 42 349 561 |
| Notes of the National Bank with 91 days maturity | – | 7 109 375 |
| Notes of the National Bank with 182 days maturity | – | 3 504 778 |
| | **747 148** | **53 283 397** |

The Group is entitled to issue securities and conduct all kinds of operations with them in accordance with accepted international practice in order to conduct its monetary policy. The notes of the National Bank are placed through Automated Trading System of the National Bank, members of which are commercial banks in the Kyrgyz Republic.

*(In thousands of soms)*

## 21 Liabilities to the IMF in respect of SDR allocations

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Liabilities to the IMF in respect of SDR allocations | 12 904 627 | 10 204 524 |

A special drawing rights (the "SDR") allocation is an unconditional distribution of SDR amounts to International Monetary Fund (the "IMF") member countries by its decision for the purpose of replenishing international reserves and sustaining the liquidity of IMF member countries. The allocation is a cooperative monetary response to the global financial crisis by the provision of significant unconditional financial resources to liquidity constrained countries, which have to smooth the need for adjustment and add to the scope for expansionary policies, designed to provide liquidity to the global economic system by supplementing the IMF member countries' foreign exchange reserves.

The general SDR allocations were made to IMF members in proportion to their existing IMF quotas (Note 33). Separately, on 10 August 2009, the Fourth Amendment to the IMF Articles of Agreement providing for a special one-time allocation of SDRs entered into force to boost global liquidity.

According to the amendment, the special allocation was made to IMF members, which includes Kyrgyz Republic, on 9 September 2009. Members and prescribed holders may use their SDR holdings to conduct transactions with the IMF. The Kyrgyz Republic received the right to use SDR allocations in the amount of 84 737 thousand SDR.

In 2021, the IMF conducted an SDR allocation among the member countries in the context of the need to mitigate the negative effects of the COVID-19 pandemic, as a result, on 23 August 2021, the Kyrgyz Republic increased the amount of SDR allocated by 170 222 thousand SDR. The interest rate is determined weekly by the IMF and is the same for all recipients of SDR allocations in the world.

On 13 May 2022 an Agreement was signed on the transfer of SDR allocated by the IMF to the Cabinet of Ministers of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic in 2021, according to which the allocated SDR will be used to repay part of the state foreign debt of the Kyrgyz Republic.

In 2024, the Ministry of Finance of the Kyrgyz Republic recovered to the National Bank 28 370 thousand SDR previously transferred under the Agreement on the transfer of SDR allocated by the IMF to the Cabinet of Ministers of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic in 2021 (in 2023: the National Bank transferred 56 386 thousand SDR to the Ministry of Finance of the Kyrgyz Republic).

As at 31 December 2024, the liabilities of the National Bank and the Ministry of Finance of the Kyrgyz Republic under SDR received from the IMF in respect of allocations amount to 113 107 thousand SDR and 141 852 thousand SDR, respectively (as at 31 December 2023: 84 737 thousand SDR and 170 222 thousand SDR, respectively).

*(In thousands of soms)*

## 21 Liabilities to the IMF in respect of SDR allocations (continued)

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | **1 January 2024** | **Cash flows from financing activities (i)** | **Foreign currency exchange rate adjustment** | **Other changes (ii)** | **31 December 2024** |
| Liabilities to the IMF in respect of SDR allocations | 10 204 524 | – | (500 390) | 3 200 493 | 12 904 627 |
| | **10 204 524** | **–** | **(500 390)** | **3 200 493** | **12 904 627** |

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | **1 January 2023** | **Cash flows from financing activities (i)** | **Foreign currency exchange rate adjustment** | **Other changes (iii)** | **31 December 2023** |
| Liabilities to the IMF in respect of SDR allocations | 16 171 080 | – | 623 633 | (6 590 189) | 10 204 524 |
| | **16 171 080** | **–** | **623 633** | **(6 590 189)** | **10 204 524** |

(i) Cash flows from liabilities to the IMF in respect of SDR allocations constitute the gross amount of proceeds from borrowing and repayment of borrowings in the consolidated statement of cash flows.

(ii) As at 31 December 2024, other changes include recovery by the Cabinet of Ministers of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic to the National Bank of SDR allocated to the Kyrgyz Republic by the IMF and changes in accrued interest.

(iii) As at 31 December 2023, other changes include transfers by the National Bank to the Cabinet of Ministers of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic of SDR allocated to the Kyrgyz Republic by the IMF and changes in accrued interest.

## 22 Other liabilities

| | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Payables | 336 506 | 265 680 |
| **Total other financial liabilities** | **336 506** | **265 680** |
| Allowance for expected credit losses from credit related commitments | 155 249 | 100 426 |
| Other | 155 859 | 142 381 |
| **Total other non-financial liabilities** | **311 108** | **242 807** |
| | **647 614** | **508 487** |

## 23 Charter capital

### Paid-up capital

In accordance with the constitutional Law of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic”, the charter capital of the National Bank amounts to 4 000 000 thousand soms.

### Distribution to the state budget and obligatory reserve

In accordance with the constitutional Law “On Issues of transfer of the National Bank’s profit of the Kyrgyz Republic” dated February 5, 2025, the transfer of profit of the National Bank by result of 2024 is carried out after confirmation of the financial statements by independent auditor.

On 12 June 2024, the profit of the National Bank for 2023 was approved for distribution in the amount of 12 436 056 thousand soms, which was transferred to the republican budget of the Kyrgyz Republic in the amount of one hundred percent (in 2023: the profit for 2022 in the amount of 10 186 889 thousand soms was approved, of which 9 168 200 thousand soms was transferred to the republican budget of the Kyrgyz Republic, 1 018 689 thousand soms was transferred to the obligatory reserve of the National Bank).

Amounts of transfers to the republican budget and obligatory reserve are excluded from the separate statement of cash flows due to the fact that these amounts were recorded as an increase in funds of the Cabinet of Ministers of the Kyrgyz Republic.

### Capital management

The capital of the National Bank comprises the residual value of the National Bank’s assets after deduction of all its liabilities.

The National Bank’s objectives when capital management are to maintain an appropriate level of capital to ensure economic independence of the National Bank and ability to perform its functions. The National Bank considers total capital under management as total equity shown in the consolidated statement of financial position.

Any external capital requirements do not exist for the National Bank, except for the size of the charter capital stipulated by the constitutional Law “On the National Bank of the Kyrgyz Republic”, which is 4 000 000 thousand soms.

*(In thousands of soms)*

## 24 Net interest income/(expense)

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| **Interest income calculated using the effective interest rate method** | | |
| Nostro accounts with banks and international financial institutions | 2 983 211 | 2 052 181 |
| Investment securities at amortised cost | 2 430 120 | 1 327 025 |
| Term deposits in banks and international financial institutions | 1 898 747 | 1 120 765 |
| Investment securities at fair value through other comprehensive income | 1 537 283 | 1 336 748 |
| Loans to banks and international organisations | – | 81 861 |
| Other | 57 402 | 70 970 |
| | **8 906 763** | **5 989 550** |
| **Interest expense** | | |
| Debt securities issued | (4 440 828) | (6 280 366) |
| Amounts due to banks and other financial institutions | (2 512 644) | (1 627 633) |
| Liabilities to the IMF in respect of SDR allocations | (409 060) | (510 860) |
| Other | (101 049) | (22 978) |
| | **(7 463 581)** | **(8 441 837)** |
| | **1 443 182** | **(2 452 287)** |

*(In thousands of soms)*

## 25 Accrual/(recovery) of allowance for expected credit losses and other provisions

| | Cash on hand, due from banks and other financial institutions (Note 8) | | Loans to banks and international organisations (Note 9) | Investment securities at fair value through other comprehensive income | Investment securities at amortised cost (Note 11) | Other financial assets (Note 15) | | | Contingencies (Notes 22, 30) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 1 | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Total |
| **Allowance for expected credit losses as at 1 January 2024** | **14 000** | **166 931** | **159 335** | **26** | **238 656** | **5 642** | **933** | **128 426** | **100 426** | **814 375** |
| Changes in reserve | | | | | | | | | | |
| Transfer to Stage 1 | – | – | – | – | – | 12 | (12) | – | – | – |
| Transfer to Stage 2 | (1) | 1 | – | – | – | (301) | 301 | – | – | – |
| Transfer to Stage 3 | – | – | – | – | – | – | – | – | – | – |
| Net changes resulting from changes in credit risk parameters | – | – | – | – | (1 643) | – | – | – | – | (1 643) |
| Recovery of losses/(write-off of assets against provisions) | – | – | 163 | – | – | – | – | – | (21 356) | (21 193) |
| Financial assets originated or purchased | 13 088 | 108 112 | (163) | 259 | 200 179 | 1 088 | – | 932 | 76 179 | 399 674 |
| Financial assets derecognised, except for write-offs | (4 344) | (69 853) | – | (20) | (6 610) | (2 023) | (603) | (34 491) | – | (117 944) |
| Other changes | – | – | (3 730) | 1 | – | – | – | 21 307 | – | 17 578 |
| **Allowance for expected credit losses as at 31 December 2024** | **22 743** | **205 191** | **155 605** | **266** | **430 582** | **4 418** | **619** | **116 174** | **155 249** | **1 090 847** |

*(In thousands of soms)*

## 25 Accrual/(recovery) of allowance for expected credit losses and other provisions (continued)

| | Cash on hand, due from banks and other financial institutions (Note 8) | | | Loans to banks and international organisations (Note 9) | Loans to customers | | | Investment securities at fair value through other comprehensive income | Investment securities at amortised cost (Note 11) | Other financial assets (Note 15) | | | | Contingencies (Notes 22, 30) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Stage 3 | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 1 | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired financial assets | Stage 1 | Total |
| **Allowance for expected credit losses as at 1 January 2023** | **15 561** | **200 410** | **5 643** | **153 244** | **26 579** | **232 929** | **989 761** | **11 373** | **145 904** | **6 978** | **1 125** | **75 465** | **117 314** | **100 426** | **2 119 752** |
| Changes in reserve | | | | | | | | | | | | | | | |
| Transfer to Stage 1 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Transfer to Stage 2 | – | – | – | – | – | – | – | – | – | (145) | 145 | – | – | – | – |
| Transfer to Stage 3 | – | – | – | – | – | – | – | – | – | – | (31) | 31 | – | – | – |
| Net changes resulting from changes in credit risk parameters | – | – | – | – | – | – | – | – | 111 | – | – | 2 776 | – | – | 2887 |
| Recovery of losses/(write-off of assets against provisions) | – | – | – | 108 | – | – | – | – | – | – | – | – | – | (48 115) | 48 007 |
| Financial assets oriinated or purchased | 3 587 | 61 552 | – | – | – | – | – | 26 | 117 978 | 640 | 27 | 50 240 | – | 12 670 | 246 720 |
| Financial assets derecognised, except for write-offs | (5 148) | (95 031) | (5 643) | (108) | (26 579) | (232 929) | (989 761) | (11 373) | (25 337) | (1 784) | (380) | (31) | (117 314) | (1 515) | (1 512 933) |
| Other changes | – | – | – | 6 091 | – | – | – | – | – | (47) | 47 | (55) | – | – | 6 036 |
| **Allowance for expected credit losses as at 31 December 2023** | **14 000** | **166 931** | **–** | **159 335** | **–** | **–** | **–** | **26** | **238 656** | **5 642** | **933** | **128 426** | **–** | **100 426** | **814 375** |

*(In thousands of soms)*

## 26 Realised gain on foreign currencies and monetary gold transactions

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| Realised gain from operations with foreign currencies and monetary gold | 7 783 571 | 13 447 960 |
| Profit from spot transactions with foreign currencies | 1 864 619 | 1 391 373 |
| | **9 648 190** | **14 839 333** |

## 27 Realised gain on non-monetary gold and gold reserves transactions

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| **Revenue** | | |
| Gold reserves | 97 349 268 | 134 897 |
| Non-monetary gold | 456 327 | 206 003 |
| | **97 805 595** | **340 900** |
| **Cost of sales** | | |
| Gold reserves | (60 126 462) | (116 836) |
| Non-monetary gold | (356 181) | (190 954) |
| | **(60 482 643)** | **(307 790)** |
| | **37 322 952** | **33 110** |

During the reporting year, gold reserves were mainly realised to a foreign correspondent bank with credit rating A+ for foreign currency.

*(In thousands of soms)*

## 28 Other income and expenses

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| **Other income** | | |
| Income from the sale of bullion and numismatic valuables | 73 393 | 28 397 |
| Other | 490 361 | 151 175 |
| | **563 754** | **179 572** |
| **Other expenses** | | |
| Cost of bullion and numismatic valuables sold | (69 266) | (27 300) |
| Other | (10 850) | (16 666) |
| | **(80 116)** | **(43 966)** |

As at 31 December 2024 other includes income from realisation of land plot in the amount of 214 956 thousand soms.

## 29 Administrative expenses

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| **Personnel expenses** | | |
| Salary | 1 605 150 | 1 363 235 |
| Payments to the Social fund | 274 315 | 233 083 |
| | **1 879 465** | **1 596 318** |
| **Other administrative expenses** | | |
| Depreciation and amortisation | 250 670 | 230 124 |
| Repair and maintenance | 165 569 | 144 126 |
| Security | 102 761 | 104 883 |
| Professional services | 48 358 | 31 375 |
| Communications and information services | 40 194 | 38 861 |
| Business trip expenses | 22 815 | 22 174 |
| Publication and subscription | 22 323 | 17 961 |
| Expenses for social events | 10 647 | 10 616 |
| Office supplies | 9 511 | 7 632 |
| Staff training | 8 059 | 13 398 |
| Rent expenses | 4 471 | 4 001 |
| Other | 36 630 | 41 613 |
| **Total administrative expenses** | **2 601 473** | **2 263 082** |

*(In thousands of soms)*

## 30 Income tax

In accordance with legislation of the Kyrgyz Republic, the National Bank is exempt from income tax. Subsidiaries are subject to taxation. The tax rate is 10% of the taxable profit payable by legal entities in the Kyrgyz Republic in accordance with the tax legislation of this jurisdiction.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred tax reflects net tax effect of temporary differences between carrying amount of assets and liabilities for consolidated financial statements purposes and the amount to be determined for tax purposes. Temporary differences as at 31 December 2024 and 2023 relate mostly to different methods/timeframes for income and expense recognition as well as to temporary differences related to difference in book and tax values of certain assets.

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Current income tax expense | (64 528) | (70 245) |
| Deferred tax expense due to origination and reversal of temporary differences | 5 791 | 14 319 |
| **Total income tax expenses** | **(58 737)** | **(55 926)** |

The following is a calculation to bring the income tax expense calculated at statutory rate of 10% in line with the actual income tax expense:

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| **Profit before tax** | **45 839 281** | **9 999 633** |
| Tax at the statutory tax rate (10%) | (4 583 928) | (999 963) |
| Non-taxable income from operations of the National Bank | 4 569 673 | 1 243 606 |
| Other permanent differences | (44 482) | (299 569) |
| **Total income tax expenses** | **(58 737)** | **(55 926)** |

Deferred tax assets/(liabilities) as at 31 December 2024 and 2023 are as follows:

| | For the year ended 31 December 2024 | In the consolidated statement of profit or loss | For the year ended 31 December 2023 | In the consolidated statement of profit or loss | For the year ended 31 December 2022 |
|---|---|---|---|---|---|
| Property and equipment | (2 913) | (45) | (2 958) | 10 681 | (13 639) |
| Non-current assets held for sale | – | – | – | 36 450 | (36 450) |
| Loans to customers | – | – | – | 2 049 | (2 049) |
| Other financial liabilities | (4 385) | 7 412 | 3 027 | (1 645) | 4 672 |
| Cash on hand, amounts due from banks and other financial institutions | 1 858 | (832) | 1 026 | (1 635) | 2 661 |
| Tax loss carry forwards | – | – | – | (29 711) | 29 711 |
| Other assets and liabilities | 3 374 | (744) | 2 630 | (1 870) | 4 500 |
| **Net deferred tax assets/(liabilities)** | **(2 066)** | **5 791** | **3 725** | **14 319** | **(10 594)** |

*(In thousands of soms)*

## 31 Contingencies

### (a) Taxation

The taxation system in the Kyrgyz Republic is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation. Taxes are subject to review and investigation by tax authorities who have the authority to impose severe fines, penalties and interest charges. No liability for additional taxes, fines or penalties can be imposed by the tax authorities after six years in the event of a violation of the tax laws.

These circumstances create tax risks in Kyrgyzstan that are more significant than in other countries. Management believes that tax liabilities are adequately presented in accordance with applicable tax laws, official clarifications and court decisions of Kyrgyzstan. However, the interpretation of these provisions by the relevant authorities may differ and the impact on the consolidated financial statements, if they can prove the validity of their position, can be significant.

The Management also believes that the liability according to final decision, if any, from claims and complaints against the Group, will not have a significant impact on the consolidated financial position or results of future activities of the Group.

### (b) Legal cases

From time to time and in the normal course of business claims against the Group may be received from third parties. As at 31 December 2024 and 2023 management believed that the Group would not incur significant losses as a result of any such claims and accordingly did not recognise contingent liability.

### (c) Credit commitments, guarantees and other financial contracts

OJSC Guarantee Fund issues financial guarantees to borrowers of partner banks and financial institutions.

As at 31 December 2024 and 2023, the nominal or contract amounts were:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Financial guarantees | 4 279 250 | 3 304 747 |
| Allowance for expected credit losses on credit related com-mitments | (155 249) | (100 426) |
| **Total credit commitments** | **4 124 001** | **3 204 321** |

Analysis of changes in expected credit losses on financial guarantees is as follows:

| | 12-month credit losses |
|---|---|
| **Allowance for expected credit losses as at 31 December 2023** | **100 426** |
| Net change in allowance | 54 823 |
| **Allowance for expected credit losses as at 31 December 2024** | **155 249** |

| | 12-month credit losses |
|---|---|
| **Allowance for expected credit losses as at 31 December 2022** | **137 386** |
| Net change in allowance | (36 960) |
| **Allowance for expected credit losses as at 31 December 2023** | **100 426** |

# 32 Risk management

Risk management is fundamental to the Group's activities and is an essential element of the Group's operations. The major risks faced by the Group in carrying out of its activities are those related to market risk, credit risk and liquidity risk.

## (a) Risk management policies and procedures

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

The Management Board of the National Bank, committees, commissions review regularly matters related to the monetary, investing and currency policies of the Group and set up limits on the scope of transactions, as well as requirements for the assessment of the Group's counterparties.

In accordance with Investment policy on International Reserve Management of the National Bank (the "Investment policy") approved by the Board on 18 December 2023, the main goals of risk management are safety and liquidity of the assets of the Group. Operations are conducted within the annual limitations imposed by this Investment policy.

In accordance with these goals, gold and foreign currency assets of the National Bank are separated into the following portfolios: working portfolio and investment portfolio.

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Group also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

## 32 Risk management (continued)

### (a) Risk management policies and procedures (continued)

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented with explanations to the Management Board.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risks, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed.

### (b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks comprise 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 volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

The Group manages its market risk by conducting regular assessment of all open positions. In addition, the Group continuously monitors open position limits in relation to financial instruments, interest rate, maturity and balance of risks and profitability.

### *(i) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to 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.

*(In thousands of soms)*

# 32 Risk management (continued)

## (b) Market risk (continued)

### *(i) Interest rate risk (continued)*

**Average interest rates**

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

| | Weighted average effective interest rate, % 31 December 2024 | Weighted average effective interest rate, % 31 December 2023 |
|---|---|---|
| **Interest-bearing assets** | | |
| **Amounts due from banks and other financial institutions** | | |
| *Nostro accounts* | | |
| - USD | 4,25 | 5,30 |
| - EUR | 3,73 | 3,84 |
| - CAD | 3,03 | 4,82 |
| - CNY | 0,24 | 0,25 |
| - KRW | 0,10 | 0,10 |
| - CHF | 0,19 | 1,13 |
| - SDR | 3,16 | 4,10 |
| - AUD | 4,35 | 4,35 |
| - JPY | 0,00 | (0,22) |
| - GBP | 4,70 | 5,12 |
| - RUB | 6,00 | 6,00 |
| - KGS | 5,28 | 4,53 |
| *Term deposits* | | |
| - USD | 4,80 | 5,65 |
| - GBP | 4,73 | 5,18 |
| - AUD | 4,38 | 4,50 |
| - CNY | 0,00 | 2,46 |
| - SGD | 3,20 | 4,04 |
| - KGS | 12,31 | 7,92 |
| **Investment securities at fair value through other comprehensive income** | | |
| - USD | 4,22 | 4,53 |
| - AUD | 4,40 | 4,61 |
| - CAD | 4,07 | 4,33 |
| - GBP | 4,63 | – |
| - CNY | 2,49 | 3,07 |
| **Investment securities at amortised cost** | | |
| - KGS | 13,06 | 12,90 |
| **Interest-bearing liabilities** | | |
| **Amounts due to banks and other financial institutions** | | |
| - KGS | 4,00 | 11,00 |
| **Debt securities issued** | | |
| - KGS | 3,42 | 13,37 |
| **Liabilities to the IMF in respect of SDR allocations** | 3,16 | 4,10 |

*(In thousands of soms)*

# 32 Risk management (continued)

## (b) Market risk (continued)

### *(i) Interest rate risk (continued)*

**Interest rate sensitivity analysis**

An analysis of sensitivity of profit or loss and equity as a result of changes in the fair value of financial assets at fair value through other comprehensive income due to changes in the interest rates based on positions of assets with a floating interest rate existing as at 31 December 2024 and 2023 and a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves is as follows:

| | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|
| | Profit or loss | Comprehensive income and equity | Profit or loss | Comprehensive income and equity |
| 100 bp parallel rise | – | (373 491) | – | (359 467) |
| 100 bp parallel fall | – | 373 491 | – | 359 467 |

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management policy aims to manage the exposure to market fluctuations. In case of sharp negative fluctuations, actions of the Group could include selling investment assets, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the consolidated statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in equity.

*(In thousands of soms)*

## 32 Risk management (continued)

### (b) Market risk (continued)

### *(ii) Currency risk*

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

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market foreign exchange rates. Despite the fact that the Group hedges its exposure to currency risk, such transactions do not qualify as hedging relationships in accordance with IFRS.

The Group's exposure to foreign currency exchange rate risk by currencies as at 31 December 2024 is presented in the table below:

| | KGS | USD | EUR | CAD | AUD | SDR | GBP | CNY | RUB | Other currencies | Total 31 December 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Non-derivative financial assets** | | | | | | | | | | | |
| Cash on hand, amounts due from banks and other financial institutions | 5 292 527 | 69 747 569 | 3 559 998 | 5 720 128 | 620 325 | 18 239 935 | 4 024 583 | 8 947 438 | 1 264 950 | 1 664 455 | 119 081 908 |
| Investment securities at fair value through other comprehensive income | – | 20 247 713 | – | 3 705 617 | 663 942 | – | 563 235 | 25 563 835 | – | – | 50 744 342 |
| Investment securities at amortised cost | 22 728 862 | – | – | – | – | – | – | – | – | – | 22 728 862 |
| Other financial assets | 391 484 | – | – | – | – | – | – | – | – | – | 391 484 |
| **Total non-derivative financial assets** | **28 412 873** | **89 995 282** | **3 559 998** | **9 425 745** | **1 284 267** | **18 239 935** | **4 587 818** | **34 511 273** | **1 264 950** | **1 664 455** | **192 946 596** |

CONTENT

*(In thousands of soms)*

# 32 Risk management (continued)

## (b) Market risk (continued)

### *(ii) Currency risk (continued)*

| | KGS | USD | EUR | CAD | AUD | SDR | GBP | CNY | RUB | Other currencies | Total 31 December 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | | | | | | |
| Banknotes and coins in circulation | 240 424 733 | – | – | – | – | – | – | – | – | – | 240 424 733 |
| Amounts due to banks and other financial institutions | 124 474 107 | 3 845 400 | – | – | – | – | – | – | – | – | 128 319 507 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 41 773 714 | 45 467 | 15 999 | – | – | – | – | – | 259 515 | 34 265 | 42 128 960 |
| Debt securities issued | 747 148 | – | – | – | – | – | – | – | – | – | 747 148 |
| Liabilities to the IMF in respect of SDR allocations | – | – | – | – | – | 12 904 627 | – | – | – | – | 12 904 627 |
| Other financial liabilities | 316 535 | 18 795 | 724 | 121 | – | – | – | – | – | 331 | 336 506 |
| **Total non-derivative financial liabilities** | **407 736 237** | **3 909 662** | **16 723** | **121** | **–** | **12 904 627** | **–** | **–** | **259 515** | **34 596** | **424 861 481** |
| **Net balance sheet position** | **(379 323 364)** | **86 085 620** | **3 543 275** | **9 425 624** | **1 284 267** | **5 335 308** | **4 587 818** | **34 511 273** | **1 005 435** | **1 629 859** | **(231 914 885)** |

*(In thousands of soms)*

## 32 Risk management (continued)

### (b) Market risk (continued)

### *(ii) Currency risk (continued)*

The Group's exposure to foreign currency exchange rate risk by currencies as at 31 December 2023 is presented in the table below:

| | KGS | USD | EUR | CAD | AUD | SDR | GBP | CNY | RUB | Other currencies | Total 31 December 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Non-derivative financial assets** | | | | | | | | | | | |
| Cash on hand, amounts due from banks and other financial institutions | 2 814 421 | 81 302 566 | 3 799 593 | 174 450 | 673 295 | 15 809 946 | 3 471 913 | 13 896 850 | 3 726 415 | 1 796 129 | 127 465 578 |
| Investment securities at fair value through other comprehensive income | – | 19 693 854 | – | 5 293 667 | 714 954 | – | – | 10 623 202 | – | – | 36 325 677 |
| Investment securities at amortised cost | 14 330 901 | – | – | – | – | – | – | – | – | – | 14 330 901 |
| Other financial assets | 375 739 | – | – | – | – | – | – | – | – | – | 375 739 |
| **Total non-derivative financial assets** | **17 521 061** | **100 996 420** | **3 799 593** | **5 468 117** | **1 388 249** | **15 809 946** | **3 471 913** | **24 520 052** | **3 726 415** | **1 796 129** | **178 497 895** |

NATIONAL BANK OF THE KYRGYZ REPUBLIC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

*(In thousands of soms)*

# 32 Risk management (continued)

## (b) Market risk (continued)

### *(ii) Currency risk (continued)*

| | KGS | USD | EUR | CAD | AUD | SDR | GBP | CNY | RUB | Other currencies | Total 31 December 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | | | | | | |
| Banknotes and coins in circulation | 207 251 028 | – | – | – | – | – | – | – | – | – | 207 251 028 |
| Amounts due to banks and other financial institutions | 56 231 623 | 2 767 395 | – | – | – | – | – | – | – | – | 58 999 018 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 179 078 | 187 791 | 64 396 | – | – | – | – | 143 014 | 32 315 | 30 384 | 42 636 978 |
| Debt securities issued | 53 283 397 | – | – | – | – | – | – | – | – | – | 53 283 397 |
| Liabilities to the IMF in respect of SDR allocations | – | – | – | – | – | 10 204 524 | – | – | – | – | 10 204 524 |
| Other financial liabilities | 261 394 | 3 233 | 394 | 135 | – | – | – | – | – | 524 | 265 680 |
| **Total non-derivative financial liabilities** | **359 206 520** | **2 958 419** | **64 790** | **135** | **–** | **10 204 524** | **–** | **143 014** | **32 315** | **30 908** | **372 640 625** |
| **Net balance sheet position** | **(341 685 459)** | **98 038 001** | **3 734 803** | **5 467 982** | **1 388 249** | **5 605 422** | **3 471 913** | **24 377 038** | **3 694 100** | **1 765 221** | **(194 142 730)** |

(In thousands of soms)

# 32 Risk management (continued)

## (b) Market risk (continued)

### *(ii) Currency risk (continued)*

Depreciation of KGS, as indicated in the table below, against following currencies as of 31 December 2024 and 2023 would have given a rise to the below increase (decrease) of equity and other comprehensive income. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The given level of sensitivity is used within the Group for preparation of report on currency risk for the key management of the Group. The analysis assumes that all other variables, in particular interest rates, remain constant.

| | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|
| | Profit or loss | Other comprehensive income and equity | Profit or loss | Other comprehensive income and equity |
| 10% appreciation of USD against KGS | – | 8 608 562 | – | 9 803 800 |
| 10% appreciation of CNY against KGS | – | 3 451 127 | – | 2 437 704 |
| 10% appreciation of CAD against KGS | – | 942 562 | – | 546 798 |
| 10% appreciation of EUR against KGS | – | 354 328 | – | 373 481 |
| 10% appreciation of RUB against KGS | – | 100 544 | – | 369 410 |
| 10% appreciation of GBP against KGS | – | 458 782 | – | 347 192 |
| 10% appreciation of AUD against KGS | – | 128 427 | – | 138 825 |
| 10% appreciation of other cur-rencies against KGS | – | 162 986 | – | 176 522 |

Appreciation of the KGS against the above currencies as of 31 December 2024 and 2023 would have had the opposite effect on the basis that all other variables remain constant.

**Limitations of sensitivity analysis**

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

*(In thousands of soms)*

CONTENT

# 32 Risk management (continued)

## (b) Market risk (continued)

### *(iii) Other price risks*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Other price risk arises when the Group takes a long or short position in a financial instrument.

As at 31 December 2024 the Group was exposed to price risk of monetary gold in accounts with foreign banks. As at 31 December 2024 monetary gold is represented by physical gold in storage and gold in accounts. Although gold is not considered to be a financial asset under IFRS, the bank is exposed to price changes in physical gold due to the fact that its accounting policy is to measure monetary gold at fair value.

An increase or decrease in prices in KGS equivalent of monetary gold, as indicated below, at 31 December 2024 and 2023 would have increased or decreased equity and other comprehensive income by the amounts shown below. This analysis is based on gold price movements that the National Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant.

| | **31 December 2024** | | **31 December 2023** | |
|---|---|---|---|---|
| | **Profit or loss** | **Comprehensive income and equity** | **Profit or loss** | **Comprehensive income and equity** |
| 10% appreciation of monetary gold prices in KGS equivalent | – | 27 826 123 | – | 12 741 362 |
| 10% depreciation of monetary gold prices in KGS equivalent | – | (27 826 123) | – | (12 741 362) |

# 32 Risk management (continued)

## (c) Credit risk

Credit risk is the risk that the Group will incur a financial loss because its customers or counterparties failed to discharge their contractual obligations. The Group has developed policies and procedures for credit risk management, including guidelines to limit portfolio concentration. There is an Investment Committee, which is responsible for the monitoring of credit risk on management of international reserves.

In order to minimise the credit risk, the National Bank uses risk management policy, which sets out requirements for the counterparty of the National Bank. According to this policy, only central banks, financial institutions or commercial banks with a high rating in accordance with the standards of Moody's Investors Service and/or a similar level of rating in accordance with the standards of other world leading rating agencies (Standard & Poor's Corporation, Fitch IBCA) can be counterparties of the National Bank.

Financial assets of the Group other than loans to customers are graded according to the current credit rating they have been issued by internationally regarded agencies such as Moody's, Fitch and etc. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have BBB ratings of according to classification of Fitch are classed as speculative grade. Taking into consideration the National Bank's status as a central bank the counterparties are divided into two categories:

**Category A**

- Central banks of advanced developed industrial countries with stable economic and political situation and sovereign rating not less than A- per Fitch classification;
- International financial organisations, institutions and banks, such as IMF, BIS, EBRD, ADB, KfW, etc.
- Foreign commercial banks with rating not less than A- per Fitch classification.

**Category B**

- Central banks of countries with sovereign rating less than A- per Fitch classification;
- Financial institutions indicated in international agreements signed by the Kyrgyz Republic;
- Foreign commercial banks with rating less than A- but not less than BBB per Fitch classification.

*(In thousands of soms)*

CONTENT

# 32 Risk management (continued)

## (c) Credit risk (continued)

Decisions on investment deals with the counterparties of the Category A, i.e. limitations on certain counterparties, investment instruments and amount of deals are established based on power of the Investment Committee of the National Bank. Decisions on investment deals with each counterparty of Category B are approved by the Management Board of the National Bank upon submission by the Investment Committee of the National Bank.

One of the criteria for control of credit risk is the maximum exposure to credit risk per one counterparty, as well as the geographical segments.

The Group's maximum exposure to credit risk per one counterparty varies significantly and is dependent on both individual risks and general market economy risks. The Group's maximum exposure to credit risk is generally reflected in the gross carrying amounts of financial assets in the consolidated statement of financial position. Netting of assets and liabilities is not significant for mitigating the potential credit exposure.

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

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Financial assets** | | |
| Gold in deposits with foreign banks | 97 597 705 | 13 511 707 |
| Cash on hand, amounts due from banks and other financial institutions* | 98 824 860 | 106 667 629 |
| Loans to banks and international organisations | 155 605 | 159 335 |
| Investment securities at fair value through other comprehensive income, except for investments in equity instruments | 50 744 342 | 36 325 677 |
| Investment securities at amortised cost | 23 159 444 | 14 569 557 |
| Other financial assets | 512 695 | 510 740 |
| **Total maximum exposure** | **270 994 651** | **171 744 645** |

* Amount does not include cash balances on hand in foreign currencies.

### Internal credit risk ratings

To minimise credit risk, the Group has developed a credit rating system for categorising risks depending on the degree of default risk. Credit rating information is based on a set of data that is defined as forward-looking data with respect to default risk and uses expert judgment regarding credit risk. The analysis takes into account the nature of risk and type of a borrower. Credit ratings are determined using qualitative and quantitative factors that indicate the risk of default. The credit rating system of the Group includes three categories.

| Internal credit ratings | Description |
|---|---|
| 1 | Low or moderate risk |
| 2 | Watch |
| 3 | Impaired |

*(In thousands of soms)*

# 32 Risk management (continued)

## (c) Credit risk (continued)

The analysis of credit risk for each class of financial assets, taking into account the internal credit rating and stage in accordance with IFRS 9, without taking into account the effect of collateral and other mechanisms to improve the quality of a loan, is presented in the tables below. Unless otherwise indicated, the amounts presented in the tables for financial assets represent their gross carrying amount.

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | **Stage 1 12-month credit losses** | **Stage 2 Lifetime credit losses** | **Stage 3 Lifetime credit losses** | **Total** |
| **Amounts due from banks and other financial institutions** | | | | |
| Credit rating 1: low or moderate risk | 97 343 077 | – | – | 97 343 077 |
| Credit rating 2: watch | – | 1 481 782 | – | 1 481 782 |
| **Total gross carrying amount** | **97 343 077** | **1 481 782** | **–** | **98 824 859** |
| Allowance for expected credit losses | (22 743) | (205 191) | – | (227 934) |
| **Carrying amount** | **97 320 334** | **1 276 591** | **–** | **98 596 925** |

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | **Stage 1 12-month credit losses** | **Stage 2 Lifetime credit losses** | **Stage 3 Lifetime credit losses** | **Total** |
| **Loans to banks and international organisations** | | | | |
| Credit rating 3: impaired | – | – | 155 605 | 155 605 |
| **Total gross carrying amount** | **–** | **–** | **155 605** | **155 605** |
| Allowance for expected credit losses | – | – | (155 605) | (155 605) |
| **Carrying amount** | **–** | **–** | – | **–** |

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | **Stage 1 12-month credit losses** | **Stage 2 Lifetime credit losses** | **Stage 3 Lifetime credit losses** | **Total** |
| **Investment securities at fair value through other comprehensive income** | | | | |
| Credit rating 1: low or moderate risk | 50 744 342 | – | – | 50 744 342 |
| **Carrying amount** | **50 744 342** | **–** | **–** | **50 744 342** |

*(In thousands of soms)*

# 32 Risk management (continued)

## (c) Credit risk (continued)

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | Stage1 12-month credit losses | Stage2 Lifetime credit losses | Stage3 Lifetime credit losses | Total |
| **Investments securities at amortised cost** | | | | |
| Credit rating 1: low or moderate risk | 23 159 445 | – | – | 23 159 445 |
| **Total gross carrying amount** | **23 159 445** | **–** | **–** | **23 159 445** |
| Allowance for expected credit losses | (430 582) | – | – | (430 582) |
| **Total carrying amount** | **22 728 863** | **–** | **–** | **22 728 863** |

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | Stage1 12-month credit losses | Stage2 Lifetime credit losses | Stage3 Lifetime credit losses | Total |
| **Other financial assets** | | | | |
| Credit rating 1: low or moderate risk | 350 478 | – | – | 350 478 |
| Credit rating 2: watch | – | 46 043 | – | 46 043 |
| Credit rating 3: impaired | – | – | 116 174 | 116 174 |
| **Total gross carrying amount** | **350 478** | **46 043** | **116 174** | **512 695** |
| Allowance for expected credit losses | (4 418) | (619) | (116 174) | (121 211) |
| **Carrying amount** | **346 060** | **45 424** | **–** | **391 484** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage1 12-month credit losses | Stage2 Lifetime credit losses | Stage3 Lifetime credit losses | Total |
| **Amounts due from banks and other financial institutions** | | | | |
| Credit rating 1: low or moderate risk | 102 731 197 | - | - | 102 731 197 |
| Credit rating 2: watch | - | 3 936 432 | - | 3 936 432 |
| **Total gross carrying amount** | **102 731 197** | **3 936 432** | **-** | **106 667 629** |
| Allowance for expected credit losses | (14 000) | (166 931) | - | (180 931) |
| **Carrying amount** | **102 717 197** | **3 769 501** | **-** | **106 486 698** |

(In thousands of soms)

# 32 Risk management (continued)

## (c) Credit risk (continued)

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage1 12-month credit losses | Stage2 Lifetime credit losses | Stage3 Lifetime credit losses | Total |
| **Investment securities at fair value through other comprehensive income** | | | | |
| Credit rating 1: low or moderate risk | 36 325 677 | – | – | 36 325 677 |
| **Total carrying amount** | **36 325 677** | **–** | **–** | **36 325 677** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage1 12-month credit losses | Stage2 Lifetime credit losses | Stage3 Lifetime credit losses | Total |
| **Investment securities at amortised cost** | | | | |
| Credit rating 1: low or moderate risk | 14 569 557 | – | – | 14 569 557 |
| **Total gross carrying amount** | **14 569 557** | **–** | **–** | **14 569 557** |
| Allowance for expected credit losses | (238 656) | – | – | (238 656) |
| **Carrying amount** | **14 330 901** | **–** | **–** | **14 330 901** |

*(In thousands of soms)*

# 32 Risk management (continued)

## (c) Credit risk (continued)

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage1 12-month credit losses | Stage2 Lifetime credit losses | Stage3 Lifetime credit losses | Total |
| **Other financial assets** | | | | |
| Credit rating 1: low or moderate risk | 329 694 | – | – | 329 694 |
| Credit rating 2: watch | – | 52 620 | – | 52 620 |
| Credit rating 3: impaired | – | – | 128 426 | 128 426 |
| **Total gross carrying amount** | **329 694** | **52 620** | **128 426** | **510 740** |
| Allowance for expected credit losses | (5 642) | (933) | (128 426) | (135 001) |
| **Carrying amount** | **324 052** | **51 687** | **–** | **375 739** |

The table below analyses information about the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in ECL allowance during 2024, by classes of assets:

| | 2024 | | | |
|---|---|---|---|---|
| | Stage1 12-month credit losses | Stage2 Lifetime credit losses | Stage3 Lifetime credit losses | Total |
| **Loans to banks and international organisations Gross carrying amount as at 1 January 2024** | **–** | **–** | **159 335** | **159 335** |
| Changes in gross carrying amount | | | | |
| Financial assets derecognised, except for write-offs | – | – | – | – |
| Change in currency rates and other changes | – | – | (3 730) | (3 730) |
| **Gross carrying amount as at 31 December 2024** | **–** | **–** | **155 605** | **155 605** |
| **Allowance for expected credit losses as at 31 December 2024** | **–** | **–** | **(155 605)** | **(155 605)** |

*(In thousands of soms)*

# 32 Risk management (continued)

## (c) Credit risk (continued)

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage1 12-month credit losses** | **Stage2 Lifetime credit losses** | **Stage3 Lifetime credit losses** | **Total** |
| **Investments in securities, measured at fair value through other comprehensive income** | | | | |
| **Carrying amount as at 1 January 2024** | **36 325 677** | **–** | **–** | **36 325 677** |
| Changes in gross carrying amount | | | | |
| Financial assets originated or purchased | 104 428 324 | – | – | 104 428 324 |
| Financial assets derecognised | (88 098 518) | – | – | (88 098 518) |
| Change in currency rates and other changes | (1 911 141) | – | – | (1 911 141) |
| **Carrying amount as at 31 December 2024** | **50 744 342** | – | – | **50 744 342** |

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage1 12-month credit losses** | **Stage2 Lifetime credit losses** | **Stage3 Lifetime credit losses** | **Total** |
| **Investment securities at amortised cost** | | | | |
| **Gross carrying amount as at 1 January 2024** | **14 569 557** | **–** | **–** | **14 569 557** |
| Changes in gross carrying amount | | | | |
| Financial assets originated or purchased | 9 670 128 | – | – | 9 670 128 |
| Financial assets derecognised | (1 393 272) | – | – | (1 393 272) |
| Change in currency rates and other changes | 313 031 | – | – | 313 031 |
| **Gross carrying amount as at 31 December 2024** | **23 159 445** | **–** | **–** | **23 159 445** |
| **Allowance for expected credit losses as at 31 December 2024** | **(430 582)** | **–** | **–** | **(430 582)** |

*(In thousands of soms)*

# 32 Risk management (continued)

## (c) Credit risk (continued)

| | 2024 | | | | |
|---|---|---|---|---|---|
| | **Stage1 12-month credit losses** | **Stage2 Lifetime credit losses** | **Stage3 Lifetime credit losses** | **Purchased or originated credit-impaired financial assets** | **Total** |
| **Other financial assets** | | | | | |
| **Gross carrying amount as at 1 January 2024** | **329 694** | **52 620** | **128 426** | **–** | **510 740** |
| Changes in gross carrying amount | | | | | |
| Transfer to Stage 1 | 283 | (283) | – | – | – |
| Transfer to Stage 2 | (15 620) | 15 620 | – | – | – |
| Transfer to Stage 3 | – | – | – | – | – |
| Financial assets originated or purchased | 114 132 | – | 22 289 | – | 136 421 |
| Financial assets derecognised | (78 859) | (22 809) | (34 491) | – | (136 159) |
| Other changes | 848 | 895 | (50) | – | 1 693 |
| **Gross carrying amount as at 31 December 2024** | **350 478** | **46 043** | **116 174** | **–** | **512 695** |
| **Allowance for expected credit losses as at 31 December 2024** | **(4 418)** | **(619)** | **(116 174)** | **–** | **(121 211)** |

The table below analyses information about the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in ECL allowance during 2023, by classes of assets:

| | 2023 | | | |
|---|---|---|---|---|
| | **Stage1 12-month credit losses** | **Stage2 Lifetime credit losses** | **Stage3 Lifetime credit losses** | **Total** |
| **Loans to banks and international organisations Gross carrying amount as at 1 January 2023** | **2 526 768** | **–** | **153 244** | **2 680 012** |
| Changes in gross carrying amount | | | | |
| Financial assets derecognised, except for write-offs | (2 526 768) | – | – | (2 526 768) |
| Change in currency rates and other changes | – | – | 6 091 | 6 091 |
| **Gross carrying amount as at 31 December 2023** | **–** | **–** | **159 335** | **159 335** |
| **Allowance for expected credit losses as at 31 December 2023** | **–** | **–** | **(159 335)** | **(159 335)** |

*(In thousands of soms)*

# 32 Risk management (continued)

## (c) Credit risk (continued)

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Stage1 12-month credit losses | Stage2 Lifetime credit losses | Stage3 Lifetime credit losses | Purchased or originated credit-impaired financial assets | Total |
| **Loans to customers** | | | | | |
| **Gross carrying amount as at 1 January 2023** | **5 156 122** | **989 266** | **1 441 783** | **155 869** | **7 743 040** |
| Changes in gross carrying amount | | | | | |
| Financial assets derecognised * | – | – | – | – | – |
| Change in currency rates and other changes | – | – | – | – | – |
| **Gross carrying amount as at 31 December 2023** | – | – | – | – | – |
| **Allowance for expected credit losses as at 31 December 2023** | **5 156 122** | **989 266** | **1 441 783** | **155 869** | **7 743 040** |

**** The amount includes loans issued and repaid during 2023.***

| | 2023 | | | |
|---|---|---|---|---|
| | Stage1 12-month credit losses | Stage2 Lifetime credit losses | Stage3 Lifetime credit losses | Total |
| **Investments in securities, measured at fair value through other comprehensive income** | | | | |
| **Carrying amount as at 1 January 2023** | **39 059 344** | – | – | **39 059 344** |
| Changes in gross carrying amount | | | | |
| New financial assets originated or purchased | 84 483 273 | – | – | 84 483 273 |
| Financial assets derecognised | (88 430 780) | – | – | (88 430 780) |
| Other changes | 1 213 840 | – | – | 1 213 840 |
| **Carrying amount as at 31 December 2023** | **36 325 677** | – | – | **36 325 677** |

*(In thousands of soms)*

# 32 Risk management (continued)

## (c) Credit risk (continued)

| | 2023 | | | |
|---|---|---|---|---|
| | Stage1 12-month credit losses | Stage2 Lifetime credit losses | Stage3 Lifetime credit losses | Total |
| **Investment securities at amortised cost** | | | | |
| **Gross carrying amount as at 1 January 2023** | **11 494 467** | **–** | **–** | **11 494 467** |
| Changes in gross carrying amount | | | | |
| New financial assets originated or purchased | 5 239 717 | – | – | 5 239 717 |
| Financial assets derecognised | (2 374 355) | – | – | (2 374 355) |
| Other changes | 209 728 | – | – | 209 728 |
| **Gross carrying amount as at 31 December 2023** | **14 569 557** | **–** | **–** | **14 569 557** |
| **Allowance for expected credit losses as at 31 December 2023** | **(238 656)** | **–** | **–** | **(238 656)** |

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Stage1 12-month credit losses | Stage2 Lifetime credit losses | Stage3 Lifetime credit losses | Purchased or originated credit-impaired financial assets | Total |
| **Other financial assets** | | | | | |
| **Gross carrying amount as at 1 January 2023** | **480 908** | **103 012** | **76 611** | **186 070** | **846 601** |
| Changes in gross carrying amount | | | | | |
| Transfer to Stage 2 | (8 201) | 8 201 | – | – | – |
| Transfer to Stage 3 | – | (1 755) | 1 755 | – | – |
| New financial assets originated or purchased | 42 072 | – | 51 870 | – | 93 942 |
| Financial assets derecognised | (221 879) | (21 922) | (1 755) | (186 070) | (431 626) |
| Other changes | 36 794 | (34 916) | (55) | – | 1 823 |
| **Gross carrying amount as at 31 December 2023** | **329 694** | **52 620** | **128 426** | **–** | **510 740** |
| **Allowance for expected credit losses as at 31 December 2023** | **(5 642)** | **(933)** | **(128 426)** | **–** | **(135 001)** |

*(In thousands of soms)*

# 32 Risk management (continued)

## (d) Geographical concentration

The Investment Committee of the National Bank steadily monitors the country risk of its counterparties. This approach is aimed at minimising potential losses from investment climate changes in those countries where the National Bank's currency reserves are placed.

The following table shows the geographical concentration of assets and liabilities at 31 December 2024:

| | Kyrgyz Republic | OECD countries | Non-OECD countries | International financial institutions | Total 31 December 2024 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash on hand, amounts due from banks and other financial institutions | 25 777 510 | 31 629 333 | 26 341 280 | 35 333 785 | 119 081 908 |
| Investment securities at fair value through other compre-hensive income | – | 5 353 847 | 38 504 361 | 6 886 134 | 50 744 342 |
| Investment securities at amortised cost | 22 728 862 | – | – | – | 22 728 862 |
| Other financial assets | 391 484 | – | – | – | 391 484 |
| **Total financial assets** | **48 897 856** | **36 983 180** | **64 845 641** | **42 219 919** | **192 946 596** |
| **Financial liabilities** | | | | | |
| Banknotes and coins in cir-culation | 240 424 733 | – | – | – | 240 424 733 |
| Amounts due to banks and other financial institutions | 127 678 584 | – | 579 000 | 61 923 | 128 319 507 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 128 960 | – | – | – | 42 128 960 |
| Debt securities issued | 747 148 | – | – | – | 747 148 |
| Liabilities to the IMF in re-spect of SDR allocations | – | – | – | 12 904 627 | 12 904 627 |
| Other financial liabilities | 315 161 | 21 103 | 242 | – | 336 506 |
| **Total financial liabilities** | **411 294 586** | **21 103** | **579 242** | **12 966 550** | **424 861 481** |
| **Net balance sheet position** | **(362 396 730)** | **36 962 077** | **64 266 399** | **29 253 369** | **(231 914 885)** |

*(In thousands of soms)*

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# 32 Risk management (continued)

## (d) Geographical concentration, continued

The following table shows the geographical concentration of assets and liabilities at 31 December 2023:

| | Kyrgyz Republic | OECD countries | Non-OECD countries | International financial institutions | Total 31 December 2023 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash on hand, amounts due from banks and other financial institutions | 23 793 297 | 38 421 573 | 20 939 520 | 44 311 188 | 127 465 578 |
| Investment securities at fair value through other comprehensive income | – | 2 637 758 | – | 33 687 919 | 36 325 677 |
| Investment securities at amortised cost | 14 330 901 | – | – | – | 14 330 901 |
| Other financial assets | 375 739 | – | – | – | 375 739 |
| **Total financial assets** | **38 499 937** | **41 059 331** | **20 939 520** | **77 999 107** | **178 497 895** |
| **Financial liabilities** | | | | | |
| Banknotes and coins in circulation | 207 251 028 | – | – | – | 207 251 028 |
| Amounts due to banks and other financial institutions | 57 837 754 | – | 1 066 515 | 94 749 | 58 999 018 |
| Amounts due to the Government of the Kyrgyz Republic | 42 636 978 | – | – | – | 42 636 978 |
| Debt securities issued | 53 283 397 | – | – | – | 53 283 397 |
| Liabilities to the IMF in respect of SDR allocations | – | – | – | 10 204 524 | 10 204 524 |
| Other financial liabilities | 257 588 | 7 844 | 248 | – | 265 680 |
| **Total financial liabilities** | **361 266 745** | **7 844** | **1 066 763** | **10 299 273** | **372 640 625** |
| **Net balance sheet position** | **(322 766 808)** | **41 051 487** | **19 872 757** | **67 699 834** | **(194 142 730)** |

# 32 Risk management (continued)

## (e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. Liquidity risk exists when maturities of assets and liabilities denominated in foreign currency do not match. The matching and/or controlled mismatching of maturities of assets and liabilities is fundamental to the risk management of financial institutions. It is not a common practice for financial institutions to completely match maturity of assets and liabilities due to the diversity of operations and associated uncertainty.

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. Liquidity management policy is reviewed and approved by the management of the Group.

The Group seeks to actively support a diversified and stable funding base in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

Since the National Bank is the emission bank (the National Bank carries out the issue of national currency – the Kyrgyz som), the default risk on fulfilment its obligations in national currency is minimal, and liquidity risk is more applicable for obligations of the National Bank denominated in foreign currency.

The Group's liquidity management policy requires:

- projecting cash flows and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- maintaining a portfolio of highly marketable assets that can easily be sold as protection against any interruption to cash flow;
- maintaining liquidity and funding contingency plans;
- monitoring balance sheet liquidity ratios of the National Bank against regulatory requirements.

*(In thousands of soms)*

## 32 Risk management (continued)

### (e) Liquidity risks (continued)

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

| | On demand and less than 1 month | From 1 to 3 months | From 3 to 6 months | From 6 to 12 months | More than 1 year | Total cash outflow of financial liabilities | Carrying amount 31 December 2024 |
|---|---|---|---|---|---|---|---|
| Due to banks and other financial institutions | 128 319 507 | – | – | – | – | 128 319 507 | 128 319 507 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 128 960 | – | – | – | – | 42 128 960 | 42 128 960 |
| Debt securities issued | 747 250 | – | – | – | – | 747 250 | 747 148 |
| Liabilities to the IMF in respect of SDR allocations | 12 833 059 | 71 568 | – | – | – | 12 904 627 | 12 904 627 |
| Other financial liabilities | 191 860 | 367 | 9 238 | 127 246 | 7 795 | 336 506 | 336 506 |
| | **184 220 636** | **71 935** | **9 238** | **127 246** | **7 795** | **184 436 850** | **184 436 748** |

The tables above show cash outflows of financial liabilities that are not equal to carrying amounts of those liabilities in current consolidated financial statements because these amounts include remaining interest payable, which is not yet recognised using the effective interest rate method.

*(In thousands of soms)*

## 32 Risk management (continued)

### (e) Liquidity risks (continued)

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

| | On demand and less than 1 month | From 1 to 3 months | From 3 to 6 months | From 6 to 12 months | More than 1 year | Total cash outflow of financial liabilities | Carrying amount 31 December 2023 |
|---|---|---|---|---|---|---|---|
| Due to banks and other financial institutions | 58 999 018 | – | – | – | – | 58 999 018 | 58 999 018 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 636 978 | – | – | – | – | 42 636 978 | 42 636 978 |
| Debt securities issued | 46 465 540 | 5 301 310 | 2 012 200 | – | – | 53 779 050 | 53 283 397 |
| Liabilities to the IMF in respect of SDR allocations | 10 131 147 | 73 377 | – | – | – | 10 204 524 | 10 204 524 |
| Other financial liabilities | 149 703 | 786 | 12 749 | 96 352 | 6 090 | 265 680 | 265 680 |
| | **158 382 386** | **5 375 473** | **2 024 949** | **96 352** | **6 090** | **165 885 250** | **165 389 597** |

The tables above show cash outflows of financial liabilities that are not equal to carrying amounts of those liabilities in current consolidated financial statements because these amounts include remaining interest payable, which is not yet recognised using the effective interest rate method.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

*(In thousands of soms)*

## 32 Risk management (continued)

### (e) Liquidity risks (continued)

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

| | On 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 | Without maturity | Total 31 December 2024 |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash on hand, amounts due from banks and other finan-cial institutions | 99 218 764 | 17 066 463 | 1 259 288 | 1 537 393 | – | – | 119 081 908 |
| Investment securities at fair value through other compre-hensive income | 9 475 835 | 16 718 331 | 19 761 220 | 938 567 | 3 850 389 | – | 50 744 342 |
| Investment securities at amortised cost | – | 558 466 | 552 121 | 6 665 902 | 14 952 373 | – | 22 728 862 |
| Other financial assets | 37 183 | 10 667 | 28 688 | 168 834 | 146 112 | – | 391 484 |
| | **108 731 782** | **34 353 927** | **21 601 317** | **9 310 696** | **18 948 874** | – | **192 946 596** |
| **Financial liabilities** | | | | | | | |
| Banknotes and coins in circulation | – | – | – | – | – | 240 424 733 | 240 424 733 |
| Amounts due to banks and other financial institutions | 128 319 507 | – | – | – | – | – | 128 319 507 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 128 960 | – | – | – | – | – | 42 128 960 |
| Debt securities issued | 747 148 | – | – | – | – | – | 747 148 |
| Liabilities to the IMF in respect of SDR allocations | 12 833 059 | 71 568 | – | – | – | – | 12 904 627 |
| Other financial liabilities | 191 860 | 367 | 136 484 | 7 537 | 258 | – | 336 506 |
| | **184 220 534** | **71 935** | **136 484** | **7 537** | **258** | **240 424 733** | **424 861 481** |
| **Net position** | **(75 488 752)** | **34 281 992** | **21 464 833** | **9 303 159** | **18 948 616** | **(240 424 733)** | **(231 914 885)** |

*(In thousands of soms)*

## 32 Risk management (continued)

### (e) Liquidity risks (continued)

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

| | On 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 | Without maturity | Total 31 December 2023 |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash on hand, amounts due from banks and other financial institutions | 115 002 955 | 10 339 711 | 1 098 955 | 1 023 957 | – | – | 127 465 578 |
| Investment securities at fair value through other comprehensive income | 10 506 371 | 10 042 789 | 7 284 146 | 6 260 230 | 2 232 141 | – | 36 325 677 |
| Investment securities at amortised cost | – | 193 149 | 1 818 199 | 4 178 532 | 8 141 021 | – | 14 330 901 |
| Other financial assets | 35 129 | 6 219 | 29 105 | 170 527 | 134 759 | – | 375 739 |
| | **125 544 455** | **20 581 868** | **10 230 405** | **11 633 246** | **10 507 921** | – | **178 497 895** |
| **Financial liabilities** | | | | | | | |
| Banknotes and coins in circulation | – | – | – | – | – | 207 251 028 | 207 251 028 |
| Amounts due to banks and other financial institutions | 58 999 018 | – | – | – | – | – | 58 999 018 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 636 978 | – | – | – | – | – | 42 636 978 |
| Debt securities issued | 46 207 702 | 5 176 655 | 1 899 040 | – | – | – | 53 283 397 |
| Liabilities to the IMF in respect of SDR allocations | 10 131 147 | 73 377 | – | – | – | – | 10 204 524 |
| Other financial liabilities | 149 703 | 786 | 107 551 | 7 382 | 258 | – | 265 680 |
| | **158 124 548** | **5 250 818** | **2 006 591** | **7 382** | **258** | **207 251 028** | **372 640 625** |
| **Net balance sheet position** | **(32 580 093)** | **15 331 050** | **8 223 814** | **11 625 864** | **10 507 663** | **(207 251 028)** | **(194 142 730)** |

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*(In thousands of soms)*

# 33 Agency functions

**Membership quota of the Kyrgyz Republic in the International Monetary Fund**

In 1992 the Kyrgyz Republic joined the International Monetary Fund (the "IMF"). A membership quota expressed in Special Drawing Rights (the "SDRs") is assigned to each member of the IMF. The membership quota is the basis for determining access of the country to the IMF financing. As at 31 December 2024 and 2023, the quota of the Kyrgyz Republic amounted to 177 600 thousand SDR.

To secure a part of the membership quota, the Ministry of Finance of the Kyrgyz Republic issued securities to the IMF. The other part was secured by funds placed on the IMF current account with the National Bank.

The National Bank was designated as a depository for these securities and funds and as a financial agency authorised to carry out transactions with the IMF on behalf of the Kyrgyz Republic. Accordingly, the following assets and liabilities are not assets and liabilities of the National Bank and were not included in the National Bank's consolidated financial statements:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **IMF membership quota** | **20 150 448** | **21 186 036** |
| Securities issued to the IMF | (20 044 808) | (21 095 953) |
| The IMF current accounts | (69 861) | (56 778) |
| | **(20 114 669)** | **(21 152 731)** |

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# 34 Related party transactions

## (a) Control relationship

In considering each possible related party relationship, attention is paid to the substance of the relationship rather than only their legal status.

In accordance with the constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic" the National Bank is the central bank of the Kyrgyz Republic and is owned by the Kyrgyz Republic. The Group has the authority to independently run its own operation under powers given by the Law.

## (b) Transactions with the members of the Management Board

Total remuneration received by the members of the Group's Management Boards for the years ended 31 December 2024 and 2023 was 123 183 thousand soms and 124 617 soms, respectively. The remuneration consists of salary and other payments. The outstanding balances of loans issued to members of the Group's Management Boards as at 31 December 2024 and 2023 were 8 449 thousand soms and 6 313 thousand soms, respectively. The loans are KGS-denominated and repayable by 2034. Interest income from loans to members of the Group's Management Boards for the years ended 31 December 2024 and 2023 was 107 thousand soms and 100 thousand soms, respectively.

*(In thousands of soms)*

# 34 Related party transactions (continued)

## (c) Transactions with other related parties

As at 31 December 2024, the outstanding balances with related parties, which are not disclosed separately in these consolidated financial statements were as follows:

| | Associate | Total 31 December 2024 |
|---|---|---|
| **Consolidated statement of financial position** | | |
| Cash on hand, amounts due from banks and other financial institutions | – | – |
| Investment in associate | 867 143 | **867 143** |

The relevant gains and losses on transactions with other related parties for the year ended 31 December 2024 were as follows:

| | Associate | Total For the year ended 31 December 2024 |
|---|---|---|
| **Consolidated statement of profit or loss** | | |
| Interest income calculated using effective interest rate | – | – |
| Share of profit of associate | 251 142 | **251 142** |
| Other income | 1 176 | **1 176** |
| Other expenses | (513) | **(513)** |

As at 31 December 2023, the outstanding balances with related parties, which are not disclosed separately in these consolidated financial statements were as follows:

| | Non-current assets held for sale | Associate | Total 31 December 2023 |
|---|---|---|---|
| **Consolidated statement of financial position** | | | |
| Cash on hand, amounts due from banks and other financial institutions | 94 354 | – | **94 354** |
| Investment in associate | – | 676 676 | **676 676** |

Related profit or loss amounts of transactions for the year ended 31 December 2023 with other related parties are as follows:

| | Non-current assets held for sale | Associate | Total For the year ended 31 December 2023 |
|---|---|---|---|
| **Consolidated statement of profit or loss** | | | |
| Interest income calculated using effective interest rate | 28 585 | – | **28 585** |
| Share of profit of associate | – | 273 115 | **273 115** |
| Other income | – | 1 068 | **1 068** |
| Other expenses | – | (481) | **(481)** |

*(In thousands of soms)*

# 35 Financial assets and financial liabilities: accounting classifications and fair values

## (a) Accounting classifications and fair value

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

| | Measured at amortised cost | Measured at fair value through other comprehensive income | Measured at fair value through profit or loss | Total carrying amount 31 December 2024 | Fair value 31 December 2024 |
|---|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 53 340 151 | 65 741 757 | – | 119 081 908 | 119 081 908 |
| Investment securities at fair value through other comprehensive income | – | 50 744 342 | – | 50 744 342 | 50 744 342 |
| Investment securities at amortised cost | 22 728 862 | – | – | 22 728 862 | 22 728 862 |
| Other financial assets | 391 484 | – | – | 391 484 | 391 484 |
| | **76 460 497** | **116 486 099** | **–** | **192 946 596** | **192 946 596** |
| Banknotes and coins in circulation | 240 424 733 | – | – | 240 424 733 | 240 424 733 |
| Amounts due to banks and other financial institutions | 128 319 507 | – | – | 128 319 507 | 128 319 507 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 128 960 | – | – | 42 128 960 | 42 128 960 |
| Debt securities issued | 747 148 | – | – | 747 148 | 747 148 |
| Liabilities to the IMF in respect of SDR allocations | 12 904 627 | – | – | 12 904 627 | 12 904 627 |
| Other financial liabilities | 336 506 | – | – | 336 506 | 336 506 |
| | **424 861 481** | **–** | **–** | **424 861 481** | **424 861 481** |

*(In thousands of soms)*

# 35 Financial assets and financial liabilities: accounting classifications and fair values (continued)

## (a) Accounting classifications and fair value (continued)

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

| | Measured at amortised cost | Measured at fair value through other comprehensive income | Measured at fair value through profit or loss | Total carrying amount 31 December 2023 | Fair value 31 December 2023 |
|---|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 42 759 248 | 84 706 330 | – | 127 465 578 | 127 465 578 |
| Investment securities at fair value through other comprehensive income | – | 36 325 677 | – | 36 325 677 | 36 325 677 |
| Investment securities at amortised cost | 14 330 901 | – | – | 14 330 901 | 14 330 901 |
| Other financial assets | 375 739 | – | – | 375 739 | 375 739 |
| | **57 465 888** | **121 032 007** | **–** | **178 497 895** | **178 497 895** |
| Banknotes and coins in circulation | 207 251 028 | – | – | 207 251 028 | 207 251 028 |
| Amounts due to banks and other financial institutions | 58 999 018 | – | – | 58 999 018 | 58 999 018 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 636 978 | – | – | 42 636 978 | 42 636 978 |
| Debt securities issued | 53 283 397 | – | – | 53 283 397 | 53 283 397 |
| Liabilities to the IMF in respect of SDR allocations | 10 204 524 | – | – | 10 204 524 | 10 204 524 |
| Other financial liabilities | 265 680 | – | – | 265 680 | 265 680 |
| | **372 640 625** | **–** | **–** | **372 640 625** | **372 640 625** |

## 35 Financial assets and financial liabilities: accounting classifications and fair values (continued)

### (a) Accounting classifications and fair value (continued)

The estimates of fair value are intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm's length transaction. 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.

### (b) Fair value hierarchy

The Group measures fair values for financial instruments recorded on the statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in an active market for identical instruments;
- Level 2: Valuation techniques based on observable inputs, 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 identical or similar instruments in markets that are considered as less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3: Valuation techniques using significant unobservable inputs. 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 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.

*(In thousands of soms)*

## 35 Financial assets and financial liabilities: accounting classifications and fair values (continued)

### (b) Fair value hierarchy (continued)

The table below analyses financial instruments at fair value as at 31 December 2024, by levels in the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total 31 December 2024 |
|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 65 741 757 | – | – | **65 741 757** |
| Investments in securities at fair value through other comprehensive income | 50 744 342 | – | – | **50 744 342** |

The table below analyses financial instruments at fair value as at 31 December 2023, by levels in the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total 31 December 2023 |
|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 84 706 330 | – | – | **84 706 330** |
| Investments in securities at fair value through other comprehensive income | 36 325 677 | – | – | **36 325 677** |

The table below analyses the fair value of financial instruments not measured at fair value as at 31 December 2024, by levels in the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total 31 December 2024 |
|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 20 484 983 | 32 855 168 | – | **53 340 151** |
| Investment securities at amortised cost | – | 22 728 862 | – | **22 728 862** |
| Other financial assets | – | 391 484 | – | **391 484** |
| Banknotes and coins in circulation | – | 240 424 733 | – | **240 424 733** |
| Amounts due to banks and other financial institutions | – | 128 319 507 | – | **128 319 507** |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | – | 42 128 960 | – | **42 128 960** |
| Debt securities issued | – | 747 148 | – | **747 148** |
| Liabilities to the IMF in respect of SDR allocations | – | 12 904 627 | – | **12 904 627** |
| Other financial liabilities | – | 336 506 | – | **336 506** |

*(In thousands of soms)*

## 35 Financial assets and financial liabilities: accounting classifications and fair values (continued)

### (b) Fair value hierarchy (continued)

The table below analyses the fair value of financial instruments not measured at fair value as at 31 December 2023, by levels in the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total 31 December 2023 |
|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 20 978 880 | 21 780 368 | – | **42 759 248** |
| Investment securities at amortised cost | – | 14 330 901 | – | **14 330 901** |
| Other financial assets | – | 375 739 | – | **375 739** |
| Banknotes and coins in circulation | – | 207 251 028 | – | **207 251 028** |
| Amounts due to banks and other financial institutions | – | 58 999 018 | – | **58 999 018** |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | – | 42 636 978 | – | **42 636 978** |
| Debt securities issued | – | 53 283 397 | – | **53 283 397** |
| Liabilities to the IMF in respect of SDR allocations | – | 10 204 524 | – | **10 204 524** |
| Other financial liabilities | – | 265 680 | – | **265 680** |

## 36 Offsetting financial assets and financial liabilities

As at 31 December 2024 and 2023, the Group had not any financial assets and financial liabilities that would have met the criteria for offsetting in the consolidated statement of financial position, and the Group had not entered into any master netting or similar agreements.

## 37 Events after the reporting period

In accordance with the constitutional Law “On Issues of transfer of the National Bank’s profit of the Kyrgyz Republic” dated 5 February 2025, the transfer of profit of the National Bank by result of 2024 to the republican budget will be carried out in the amount of one hundred percent.

As at the date of issue of these consolidated financial statements no other significant events or transactions occurred which should be disclosed in accordance with IAS 10 “Events after the Reporting Period”, except for the event described above.

# CHAPTER 11. SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 AND INDEPENDENT AUDITOR'S REPORT

## CONTENT

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**INDEPENDENT AUDITOR'S REPORT**

To Management and Audit Committee of the National Bank of the Kyrgyz Republic:

**Opinion**

We have audited the separate financial statements of the National Bank of the Kyrgyz Republic (the "National Bank"), which comprise the separate statement of financial position as at 31 December 2024, and the separate statement of profit or loss, the separate statement of other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the National Bank as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with the financial reporting principles disclosed in Note 2 to the separate financial statements.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (the "ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the National Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the 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.

**Empasis of matter – Basis of accounting**

We draw attention to Note 2 to the separate financial statements, which describes the basis of accounting. The separate financial statements are prepared to assist the National Bank in complying with the constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic".
As a result, the separate financial statements probably may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**Responsibilities of Management and the Audit Committee for the separate financial statements**

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the basis of accounting, described in Note 2 to the separate financial statements, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the National Bank's financial reporting process.

**Auditor's responsibilities for the audit of the separate financial statements**

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

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

- identify and assess the risks of material misstatement of the separate 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 National 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 National 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 separate 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 National Bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the National Bank to express as opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the National Bank audit. The auditor is solely responsible for the audit opinion.

We communicate with the Management and Audit Committee, 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 the Management and Audit Committee 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.

Kubat Alymkulov
Engagement Partner

Nurlan Bekenov
Engagement Partner

Certified accountant, FCCA
Individual auditor registration number No. 11152
dated 16 November 2023.
Registered in the Unified state register of auditors, audit organizations, and professional audit associations.
Audit Partner,
Director, Baker Tilly Bishkek LLC

Baker Tilly Bishkek LLC is registered in the “Register of audit organizations admitted for audit of public interest entities and large entrepreneurship entities” of the Unified state register of auditors, audit organizations, professional audit associations. Individual registration number No. 2101510 dated 9 August 2023

19 February 2025
Bishkek, the Kyrgyz Republic

## NATIONAL BANK OF THE KYRGYZ REPUBLIC

## SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

*(In thousands of soms)*

| | Notes | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| Monetary gold | 7 | 278 261 231 | 127 413 613 |
| Cash on hand, amounts due from banks and other financial institutions | 8 | 113 789 381 | 124 651 157 |
| Loans to banks and international organisations | 9 | – | – |
| Investment securities at fair value through other comprehensive income | 10 | 50 744 342 | 36 325 677 |
| Investment securities at amortised cost | 11 | 20 309 452 | 10 203 674 |
| Investments in subsidiaries and associate | 12 | 7 637 143 | 7 446 676 |
| Non-current assets held for sale | 13 | – | 7 126 432 |
| Property and equipment | 14 | 2 306 220 | 2 007 563 |
| Intangible assets | | 59 696 | 31 964 |
| Non-monetary gold and gold reserves | 15 | 74 515 568 | 127 985 566 |
| Other assets | 16 | 2 513 717 | 2 870 350 |
| **Total assets** | | **550 136 750** | **446 062 672** |
| **LIABILITIES** | | | |
| Banknotes and coins in circulation | 17 | 240 424 733 | 207 251 028 |
| Amounts due to banks and other financial institutions | 18 | 128 319 507 | 58 999 018 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 19 | 42 128 960 | 42 636 978 |
| Debt securities issued | 20 | 1 107 378 | 54 281 514 |
| Liabilities to the IMF in respect of SDR allocations | 21 | 12 904 627 | 10 204 524 |
| Other liabilities | | 339 022 | 266 413 |
| **Total liabilities** | | **425 224 227** | **373 639 475** |
| **EQUITY** | | | |
| Charter capital | 22 | 4 000 000 | 4 000 000 |
| Obligatory reserve | | 8 262 982 | 8 262 982 |
| Revaluation reserve for foreign currencies and monetary gold | | 67 121 351 | 47 886 430 |
| Revaluation reserve for investment securities at fair value through other comprehensive income | | (168 537) | (162 271) |
| Retained earnings | | 45 696 727 | 12 436 056 |
| **Total equity** | | **124 912 523** | **72 423 197** |
| **Total liabilities and equity** | | **550 136 750** | **446 062 672** |

**Turgunbaev M.Zh.**
***Chairman of the National Bank***

19 February 2025

Bishkek, the Kyrgyz Republic

**Abylgazieva A.B.**
***Chief Accountant***

19 February 2025

Bishkek, the Kyrgyz Republic

The accompanying notes on pages 110 to 182 are an integral part of these separate financial statements.

**NATIONAL BANK OF THE KYRGYZ REPUBLIC**

**SEPARATE STATEMENT OF PROFIT OR LOSS**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

*(In thousands of soms)*

| | Notes | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|---|
| Interest income calculated using effective interest rate | 23 | 8 131 682 | 5 271 206 |
| Interest expense | 23 | (7 512 859) | (8 470 422) |
| **Net interest income/(expense)** | 23 | **618 823** | **(3 199 216)** |
| Fee and commission income | | 158 065 | 127 827 |
| Fee and commission expense | | (40 740) | (31 852) |
| **Net fee and commission income** | | **117 325** | **95 975** |
| Accrual of allowance for expected credit losses | 24 | (209 626) | (85 555) |
| Recovery of impairment loss on investments in a subsidiary | 12 | – | 2 541 376 |
| Realised gain on foreign currencies and monetary gold transactions | 25 | 9 648 194 | 14 839 343 |
| Realised gain on non-monetary gold and gold reserves transactions | 26 | 37 322 952 | 33 110 |
| Share of profit of associate | | 251 142 | 273 115 |
| Other income | 27 | 840 624 | 473 314 |
| **Net non-interest income** | | **47 853 286** | **18 074 703** |
| **Operating income** | | **48 589 434** | **14 971 462** |
| Banknotes and coins production expenses | | (599 663) | (584 686) |
| Administrative expenses | 28 | (2 221 988) | (1 914 763) |
| Other expenses | 27 | (71 056) | (35 957) |
| **Operating expenses** | | **(2 892 707)** | **(2 535 406)** |
| **Profit for the year** | | **45 696 727** | **12 436 056** |

**Turgunbaev M.Zh.**
***Chairman of the National Bank***

19 February 2025

Bishkek, the Kyrgyz Republic

**Abylgazieva A.B.**
***Chief Accountant***

19 February 2025

Bishkek, the Kyrgyz Republic

The accompanying notes on pages 110 to 182 are an integral part of these separate financial statements.



CONTENT

## NATIONAL BANK OF THE KYRGYZ REPUBLIC

## SEPARATE STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2024

*(In thousands of soms)*

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| **Profit for the year** | **45 696 727** | **12 436 056** |
| **Other comprehensive income to be reclassified to profit or loss in the subsequent periods subject to meeting certain conditions** | | |
| Revaluation reserve for foreign currencies and monetary gold: | | |
| - net gain on revaluation of assets and liabilities in foreign currencies and monetary gold | 27 018 492 | 25 475 425 |
| - net realised gain on foreign currencies and monetary gold transactions transferred to profit or loss | (7 783 571) | (13 447 960) |
| Revaluation reserve for investment securities at fair value through other comprehensive income: | | |
| - net gain from changes in fair value of investment securities at fair value through other comprehensive income | 4 218 | 80 684 |
| - net realised gain on investment securities at fair value through other comprehensive income transferred to profit or loss | (10 484) | – |
| **Other comprehensive income for the year** | **19 228 655** | **12 108 149** |
| **Total comprehensive income for the year** | **64 925 382** | **24 544 205** |

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**Turgunbaev M.Zh.**
***Chairman of the National Bank***

19 February 2025

Bishkek, the Kyrgyz Republic

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**Abylgazieva A.B.**
***Chief Accountant***

19 February 2025

Bishkek, the Kyrgyz Republic

The accompanying notes on pages 110 to 182 are an integral part of these separate financial statements.

## NATIONAL BANK OF THE KYRGYZ REPUBLIC

## SEPARATE STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2024

*(In thousands of soms)*

| | Notes | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Interest received | | 5 963 288 | 3 929 186 |
| Interest paid | | (7 804 858) | (8 248 642) |
| Fees and commissions received | | 158 065 | 127 827 |
| Fees and commissions paid | | (40 740) | (31 852) |
| Net cash inflow from dealing in foreign currencies | 25 | 1 864 623 | 1 391 383 |
| Net cash inflow from dealing in non-monetary gold and gold reserves | 26 | 37 304 146 | 33 110 |
| Other income | | 214 101 | 53 977 |
| Payroll payments | | (1 497 858) | (1 229 784) |
| Banknotes and coins production expenses | | (390 338) | (697 818) |
| Administrative and other expenses excluding payroll expenses | | (507 225) | (452 148) |
| **Cash inflow/(outflow) from operating activities before changes in operating assets and liabilities** | | **35 263 204** | **(5 124 761)** |
| **(Increase)/decrease in operating assets** | | | |
| Monetary gold | | (116 680 438) | 22 490 639 |
| Amounts due from banks and other financial institutions | | (11 277 137) | 8 350 540 |
| Loans to banks and international organisations | | – | 2 526 768 |
| Investment securities at fair value through other comprehensive income | | (16 041 862) | 3 166 609 |
| Non-monetary gold and gold reserves | | 53 469 998 | (40 062 496) |
| Other assets | | (231 743) | (1 385 733) |
| **Increase/(decrease) in operating liabilities** | | | |
| Banknotes and coins in circulation | | 33 173 706 | 8 440 880 |
| Amounts due to banks and other financial institutions | | 69 358 013 | 676 367 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | | (9 731 171) | (4 992 033) |
| Debt securities issued | | (52 763 849) | 19 725 329 |
| Other liabilities | | 19 067 | (28 358) |
| **Net cash (outflow)/inflow from operating activities** | | **(15 442 212)** | **13 783 751** |

The accompanying notes on pages 110 to 182 are an integral part of these separate financial statements.

## NATIONAL BANK OF THE KYRGYZ REPUBLIC

## SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

*(In thousands of soms)*

| | Notes | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Realisation of a non-current asset in the form of a subsidiary | 13 | 7 126 432 | – |
| Purchase of property and equipment and intangible assets | | (292 425) | (156 824) |
| Realisation of property and equipment and intangible assets | | 289 340 | – |
| Purchase of investment securities at amortised cost | | (9 810 689) | (4 999 999) |
| Interest received on investment securities at amortised cost | | 1 487 334 | 557 429 |
| Dividends received | | 499 853 | 467 799 |
| **Net cash outflow from investing activities** | | **(700 155)** | **(4 131 595)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| **Net cash inflow/(outflow) from financing activities** | | **–** | **–** |
| **Net (decrease)/increase in cash and cash equivalents** | | **(16 142 367)** | **9 652 156** |
| Effect of expected credit losses on cash and cash equivalents | | (38 688) | 33 437 |
| Effect of changes in foreign exchange rates on cash and cash equivalents | | (5 076 536) | 3 436 841 |
| Cash and cash equivalents, at the beginning of the year | 8 | 105 457 889 | 92 335 455 |
| **Cash and cash equivalents ending, at the end of the year** | **8** | **84 200 298** | **105 457 889** |
| **Non-cash transactions** | | | |
| Recovery/(transfer) of liabilities to the IMF in respect of SDR allocations to the Ministry of Finance of the Kyrgyz Republic | 21 | 3 202 303 | (6 584 371) |

**Turgunbaev M.Zh.**
***Chairman of the National Bank***

19 February 2025

Bishkek, the Kyrgyz Republic

**Abylgazieva A.B.**
***Chief Accountant***

19 February 2025

Bishkek, the Kyrgyz Republic

The accompanying notes on pages 110 to 182 are an integral part of these separate financial statements.

## NATIONAL BANK OF THE KYRGYZ REPUBLIC

## SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

*(In thousands of soms)*

| | Charter capital | Obligatory reserve | Revaluation reserve for foreign currencies and monetary gold | Revaluation reserve for investment securities at fair value through other comprehensive income | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **At 1 January 2024** | **4 000 000** | **8 262 982** | **47 886 430** | **(162 271)** | **12 436 056** | **72 423 197** |
| Profit for the year | | | | | 45 696 727 | 45 696 727 |
| **Other comprehensive income** | | | | | | |
| Net gain from investment securities at fair value through other comprehensive income | – | – | – | 4 218 | – | 4 218 |
| Net realised gain on investment securities at fair value through other comprehensive income transferred to profit or loss | – | – | – | (10 484) | – | (10 484) |
| Net gain on revaluation of assets and liabilities in foreign currencies and monetary gold | – | – | 27 018 492 | – | – | 27 018 492 |
| Net realised gain on foreign currencies and monetary gold transaction transferred to profit or loss | – | – | (7 783 571) | – | – | (7 783 571) |
| **Total comprehensive income for the year** | **–** | **–** | **19 234 921** | **(6 266)** | **45 696 727** | **64 925 382** |
| **Transactions recorded directly in equity** | | | | | | |
| Distribution of prior year profit to the State budget (Note 22) | – | – | – | – | (12 436 056) | (12 436 056) |
| **Total amounts of transactions recorded directly in equity** | **–** | **–** | **–** | **–** | **(12 436 056)** | **(12 436 056)** |
| **At 31 December 2024** | **4 000 000** | **8 262 982** | **67 121 351** | **(168 537)** | **45 696 727** | **124 912 523** |

The accompanying notes on pages 110 to 182 are an integral part of these separate financial statements.

## NATIONAL BANK OF THE KYRGYZ REPUBLIC
## SEPARATE STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

*(In thousands of soms)*

| | Charter capital | Obligatory reserve | Revaluation reserve for foreign currencies and monetary gold | Revaluation reserve for investment securities at fair value through other comprehensive income | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **At 1 January 2023** | **4 000 000** | **7 244 293** | **35 858 965** | **(242 955)** | **10 186 889** | **57 047 192** |
| Profit for the year | – | – | – | – | 12 436 056 | 12 436 056 |
| **Other comprehensive income** | | | | | | |
| Net gain from investment securities at fair value through other comprehensive income | – | – | – | 80 684 | – | 80 684 |
| Net gain on revaluation of assets and liabilities in foreign currencies and monetary gold | – | – | 25 475 425 | – | – | 25 475 425 |
| Net realised gain on foreign currencies and monetary gold transaction transferred to profit or loss | – | – | (13 447 960) | – | – | (13 447 960) |
| **Total comprehensive income for the year** | **–** | **–** | **12 027 465** | **80 684** | **12 436 056** | **24 544 205** |
| **Transactions recorded directly in equity** | | | | | | |
| Distribution of prior year profit to the State budget (Note 22) | – | – | – | – | (9 168 200) | (9 168 200) |
| Transfer to obligatory reserve (Note 22) | – | 1 018 689 | – | – | (1 018 689) | – |
| **Total amounts of transactions recorded directly in equity** | **–** | **1 018 689** | **–** | **–** | **(10 186 889)** | **(9 168 200)** |
| **At 31 December 2023** | **4 000 000** | **8 262 982** | **47 886 430** | **(162 271)** | **12 436 056** | **72 423 197** |

**Turgunbaev M.Zh.**
***Chairman of the National Bank***

19 February 2025

Bishkek, the Kyrgyz Republic

**Abylgazieva A.B.**
***Chief Accountant***

19 February 2025

Bishkek, the Kyrgyz Republic

The accompanying notes on pages 110 to 182 are an integral part of these separate financial statements.

*(In thousands of soms)*

CONTENT

# 1 General information

## (a) Organisation and principal activities

The National Bank of the Kyrgyz Republic (the "National Bank") is a legal successor of the State Bank of the Kyrgyz Republic which was renamed by the Law "On the National Bank of the Kyrgyz Republic" dated 12 December 1992 as the National Bank of the Kyrgyz Republic. In 2022, the National Bank worked to bring the legislative acts regulating its activities into conformity with the Constitution of the Kyrgyz Republic. On 30 June 2022, the Jogorku Kenesh (the Parliament) of the Kyrgyz Republic adopted the constitutional Law "On the National Bank of the Kyrgyz Republic" which was enacted on 17 August 2022 and currently regulates the activities of the National Bank.

The principal goal of the National Bank is to achieve and maintain stability of prices in the Kyrgyz Republic. To achieve this goal the National Bank is entrusted to perform the following functions: determine and implement the monetary policy for the country; facilitate reliable and secure functioning of the payment system; supply banknotes and coins for circulation; manage international currency reserves; license, regulate and supervise operations of the commercial banks and financial institutions in accordance with the legislation. The National Bank acts as a fiscal agent of the Cabinet of Ministers of the Kyrgyz Republic.

The National Bank's registered office is: 168, Chui ave., Bishkek, Kyrgyz Republic, 720001.

As at 31 December 2024 and 2023, there were 5 regional departments and one representative office of the National Bank operating throughout the Kyrgyz Republic.

As at 31 December 2024 and 2023, the total number of the National Bank's employees is 718 and 721, respectively.

The National Bank is the parent company of the group (the "Group") which includes the following organisations:

| | Percentage of voting shares (%) | | |
|---|---|---|---|
| **Name** | **31 December 2024** | **31 December 2023** | **Activity** |
| OJSC Keremet Bank | – | 97,45 | Banking services |
| OJSC Guarantee Fund | 91,22 | 91,22 | Guarantee issue services |
| CJSC Kyrgyz Cash Collection | 100,00 | 100,00 | Valuable's transportation services |

On 29 March 2024, the National Bank completed sale of OJSC Keremet Bank to the Cabinet of Ministers of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic.

As at 31 December 2024 and 2023, the National Bank also owns an investment in an associate entity CJSC Interbank Processing Center (46,71% of shares).

These separate financial statements were approved by the Management Board of the National Bank on 19 February 2025.

## 1 General information (continued)

### (b) Business environment

The Kyrgyz Republic has small size open model economy and due to its historically established economic structure is closely integrated into regional trade relations. Being an emerging market economy, the economy of the Kyrgyz Republic remains subject to changes in the external economic environment depending on the situation in the countries-major trading partners, price dynamics in the world food and commodity markets, trends in the world financial and capital markets, etc. As a result, the implementation of financial and economic activities in the Kyrgyz Republic along with internal factors is also associated with the impact of external changes.

The separate financial statements reflect Management's assessment of the impact of the Kyrgyz Republic business environment on the performance and the financial position of the National Bank. The actual impact of future economic conditions may differ from management's estimates.

## 2 Basis of preparation and changes in accounting policies

### (a) General

These separate financial statements have been prepared to present fairly the separate financial position of the National Bank and the results of its operations in accordance with the accounting policies of the National Bank and with the provisions of the constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic".

The term "fair presentation framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and:

- acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or
- acknowledges explicitly that it may be necessary for the management to depart from a requirement of the framework to achieve fair presentation of the financial statements. Such departures are expected to be necessary only in extremely rare circumstances.

## 2 Basis of preparation and changes in accounting policies (continued)

### (a) General (continued)

The accounting policies of the National Bank are based on International Financial Reporting Standards (the "IFRS") issued by the IASB and Interpretations issued by the International Financial Reporting Interpretations Committee (the "IFRIC") except as follows:

- monetary gold is revalued based on the market value and if the total net unrealised result from the mark to market of monetary gold and foreign currency assets and liabilities revaluation is a gain, this is recognised through other comprehensive income. Where the total net unrealised result from the mark to market of monetary gold and foreign currency assets and liabilities revaluation is a loss, it is recognised in the separate statement of profit or loss except to the extent that it reverses a previous net unrealised gain, otherwise it is recognised as other comprehensive income. At the time of derecognition of monetary gold and foreign currency assets and liabilities, the cumulative gain or loss previously recognised in equity is transferred to the separate statement of profit or loss based on the weighted-average cost method.

These separate financial statements are the separate financial statements of the National Bank.

The subsidiaries of the National Bank are not consolidated in these separate financial statements. Investments in subsidiaries are accounted at cost less accumulated impairment losses.

The National Bank also prepares consolidated financial statements of the National Bank and its subsidiaries. These separate financial statements should be read in conjunction with the consolidated financial statements, which were approved for issue by the Management Board of the National Bank on 19 February 2025.

These separate financial statements have been prepared on the assumption that the National Bank will continue to operate as a going concern in the foreseeable future.

### (b) Basis of measurement

These separate financial statements have been prepared under the historical cost convention, except for monetary gold as disclosed in Note 3(a) and certain financial instruments measured at fair value.

### (c) Functional and presentation currency of the separate financial statements

Items included in the separate financial statements are measured using the currency of the primary economic environment in which the National Bank operates (the "functional currency"). The functional currency of the National Bank is Kyrgyz som as, being the national currency of the Kyrgyz Republic, reflects the economic substance of the majority of the National Bank's transactions and circumstances relevant to them that affect its activities. The Kyrgyz som is also the presentation currency of these separate financial statements.

Financial information is presented in soms and rounded to the nearest thousand.

# 3 Significant accounting policies

## (a) Accounting for gold

The assets of the National Bank in gold are subdivided into “Monetary gold” and “Non-monetary gold and gold reserves” items. Classification of assets in gold and the procedure for operations on purchase and realisation of assets in gold in the financial markets is carried out on the basis of the decision of the Management Board of the National Bank.

### *(i) Monetary gold*

Monetary gold comprises gold on deposits with foreign banks and gold bullion with Good Delivery status of London Bullion Market Association and Shanghai Gold Exchange standard. Monetary gold is the most liquid part of assets in gold formed to implement the monetary policy and generate income from placement.

Monetary gold is accounted for at the market value in the separate financial statements. Market value is determined by reference to the London Bullion Market Association Gold Price PM at the day preceding the reporting date. Gain on revaluation at market value of monetary gold is recognised in other comprehensive income. Revaluation losses are recognised in the separate statement of profit or loss to the extent that they exceed the previous accumulated revaluation gains recognised in other comprehensive income in equity. Realised gains and losses related to monetary gold are subsequently recognised in the separate statement of profit or loss.

### *(ii) Non-monetary gold and gold reserves*

Non-monetary gold is represented by non-standard bullion that do not meet generally recognised international standards, as well as gold in the form of plates and pellets.

Gold reserves comprise gold bullion, which meets the requirements of the Good Delivery international quality standard of London Bullion Market Association and Shanghai Gold Exchange standard; bullion that have qualitative characteristics of international quality standards but are not certified by London Bullion Market Association and Shanghai Gold Exchange standard, purchased to form the gold reserves, remelting and other production purposes, and realisation in financial markets.

Gold reserves represented by gold bullion that meet the international standards of gold may be reclassified as gold as an investment asset. At the time of reclassification, gold reserves are revalued at market value with the result of revaluation reflected in other comprehensive income.

Non-monetary gold and gold reserves are intended to form the National Bank’s reserves within the framework of the development prospects of the domestic precious metals market. They do not form the National Bank’s investment assets in gold and do not participate in active deposit operations of the National Bank.

Non-monetary gold and gold reserves are classified as inventory and are measured at the lower of cost and net realisable value.

Realisation of non-monetary gold and gold reserves is carried out at market value and is recognised at the time of transfer of control over the asset, i.e. when the obligation to perform is fulfilled by transferring the promised asset to the buyer, the buyer has complete freedom of action with respect to the asset and when there is no unfulfilled obligation that may affect the buyer's acceptance of the asset. In order to determine the time of transfer of control over the promised asset, the following must also be taken into account: the assets have been delivered to a specific location, the risks of loss and benefits have passed to buyer, and there is objective evidence that all acceptance criteria have been met and the asset meets the agreed parameters.

*(In thousands of soms)*

# 3 Significant accounting policies (continued)

## (a) Accounting for gold (continued)

### *(ii) Non-monetary gold and gold reserves (continued)*

The transfer of control over gold reserves is considered to have been carried out on the day of the approval of sale transaction, while the unconditional accounts receivable of the buyer for reimbursement of the asset value is recognised, since at that time the receipt of this payment is due only to the passage of time.

## (b) Foreign currency transactions

Foreign currency transactions are translated into the National Bank's functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate prevailing at the reporting date.

The foreign currency gain or loss on monetary assets and liabilities is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated to the functional currency at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at historical costs are translated to the functional currency at the exchange rate prevailing at transaction date.

Realised gains and losses related to foreign currency transactions are subsequently recognised in the separate statement of profit or loss.

***Foreign exchange rates***

Foreign exchange rates used by the National Bank in preparing the separate financial statements as at 31 December 2024 and 2023 are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| US dollar/som | 87,0000 | 89,0853 |
| Euro/som | 90,5844 | 98,5328 |
| Special drawing rights/som | 113,4592 | 119,5599 |
| Canadian dollar/som | 60,4330 | 67,2951 |
| Australian dollar/som | 54,0962 | 60,7695 |
| Great British pound sterling/som | 108,9624 | 113,4902 |
| Chinese renminbi/som | 11,9189 | 12,5343 |
| Russian rouble/som | 0,8292 | 0,9935 |
| Troy ounce of gold/som | 226 991,7000 | 183 729,5227 |

## (c) Cash and cash equivalents

For the purpose of the separate statement of cash flows, cash and cash equivalents include cash on hand in foreign currencies and nostro accounts which are not subject to significant fair value risk and are used by the National Bank to settle current liabilities.

Cash on hand in the national currency is deducted from the amount of banknotes and coins in circulation.

# 3 Significant accounting policies (continued)

## (d) Financial asset

Financial assets are recorded in the separate statement of financial position of the National Bank when the National Bank becomes a party to the contract with respect to the relevant financial instrument. The National Bank recognises regular way purchases and sales of financial assets on the trade date.

### *(i) Classification and measurement of financial assets*

After initial recognition, all recognised financial assets within the scope of IFRS 9 should be measured at amortised cost or at fair value in accordance with the business model of the National Bank for management of financial assets and characteristics of the contractual cash flows, except for nostro accounts with foreign banks and international financial institutions and investments measured at fair value through other comprehensive income, which are classified in accordance with the Regulation “On Classification of Financial Assets and Liabilities and Calculation of ECL Allowance for Financial Assets of the National Bank of the Kyrgyz Republic”.

In particular:

- debt instruments that are held within a business model whose objective is to collect contractual cash flows that include solely payments of principal and interest are measured at amortised cost after initial recognition;
- debt instruments that are held within a business model whose objective is both to collect contractual cash flows that are solely payments of principal and interest, and to sell the related debt instruments, are measured after initial recognition at fair value through other comprehensive income;
- all other debt instruments (e.g., debt instruments measured at fair value or held for sale) and equity investments are subsequently measured at fair value through profit or loss.

However, the National Bank makes the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis. In particular:

- The National Bank may irrevocably elect to present subsequent changes in fair value of investments in equity instruments that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies; as well as
- The National Bank may irrevocably elect to designate a debt instrument as at fair value through profit or loss (the “FVTPL”) if such debt instrument meets the criteria for recognition at fair value through other comprehensive income (the “FVOCI”), provided that it eliminates or significantly reduces an accounting mismatch (“fair value option”).

CONTENT

# 3 Significant accounting policies (continued)

## (d) Financial assets (continued)

### *(i) Classification and measurement of financial assets (continued)*

Financial assets at fair value through other comprehensive income. A business model whose objective is to hold assets both to collect contractual cash flows and sell financial assets implies that financial assets are managed both to collect contractual cash flows and sell financial asset. Under this business model, the receipt of cash from the sale of a financial asset is a priority, which is distinguished by a higher frequency and volume of sales compared to the business model "holding assets in order to collect the contractual cash flows". The National Bank considers the absence or insignificant sales value in prior periods, as well as expectations in the future, not in isolation, but as part of a single holistic analysis of how the stated objective of financial assets management is achieved and how cash flows are realised, and does not accept the above fact as a criteria for reclassification of such assets as an unconditional condition for transfer.

Financial assets at fair value through other comprehensive income include the following assets:

- Nostro accounts with foreign banks and international financial institutions (Note 8);
- Investment securities at fair value through other comprehensive income (Note 10).

The balance of nostro accounts with foreign banks and international financial institutions is maintained to manage liquidity. Payments from nostro accounts with foreign banks and international financial institutions are made to support the current operations of the National Bank for the performance of its functions.

The main goal when managing investments in foreign state (sovereign) and agency debt instruments, as well as debt instruments of international financial institutions is to ensure liquidity and security of international reserves. Investments in state and agency debt obligations, as well as debt securities of international financial institutions may be sold early in the financial markets to perform the functions of the National Bank. Therefore, these items are held under a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets and are therefore measured at FVOCI.

The fair value of financial assets measured at FVOCI is determined under IFRS 13 Fair value measurement.

The fair value gains or losses of financial assets measured at FVOCI are recognised in other comprehensive income, until these assets are derecognised, when accumulated profits or losses previously reflected in equity are transferred to profit or loss.

Financial assets at amortised cost. A business model whose objective is to hold assets in order to collect contractual cash flows implies that financial assets are managed to realise cash flows by collecting payments of principal amount and interest over the life of the financial instrument. Within this business model, holding the financial asset till maturity is the priority, but early sale is not prohibited.

Financial assets at amortised cost include the following assets:

- term deposits in foreign banks, term deposits in international financial institutions and cash on hand in foreign currencies (Note 8);
- loans to banks and international organisations (Note 9);
- investment securities measured at amortised cost (Note 11); and
- accounts receivable (Note 16).

# 3 Significant accounting policies (continued)

## (d) Financial assets (continued)

### *(i) Classification and measurement of financial assets (continued)*

After initial recognition, financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method less any impairment losses.

**Reclassification.** If the business model under which the National Bank holds financial assets changes, the financial assets affected are reclassified. 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 National Bank's financial assets. Changes in contractual cash flows are considered under the accounting policy described below in section *"Modification and derecognition of financial assets"*.

### *(ii) Measurement of expected credit losses for assets*

General approach to recognition of expected credit losses. The National Bank recognises allowances for expected credit losses (ECL) in respect of following financial assets that are not measured at fair value through profit or loss:

- amounts due from banks and other financial institutions (Note 8);
- loans to banks and international organisations (Note 9);
- investment securities at fair value through other comprehensive income (Note 10);
- investment securities measured at amortised cost (Note 11);
- accounts receivable (Note 16).

Expected credit losses are not recognised on investments in equity instruments.

With the exception of purchased or originated credit-impaired (the "POCI") financial assets (which are considered separately below), ECLs are required to be measured through an impairment allowance at an amount equal to:

- the amount of credit losses expected in the next 12 months, i.e. that part of the credit losses over the entire term of the financial instrument, which is the ECL due to instances of default on the instrument, which may occur within 12 months after the reporting date ("Stage 1");
- the amount of credit losses expected over the entire term of the financial instrument, which arise as a result of all possible cases of non-performance of obligations under the instrument during its validity period ("Stage 2" and "Stage 3").

An allowance equal to the full amount of credit losses expected over the life of the financial instrument is required when the credit risk on the instrument has increased significantly since initial recognition or in case of default. In all other cases, allowances for expected credit losses are created in the amount equal to the amount of credit losses expected within 12 months.

CONTENT

## 3 Significant accounting policies (continued)

### (d) Financial assets (continued)

#### *(ii) Measurement of expected credit losses for assets (continued)*

For purchased or originated credit-impaired financial assets, the National Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

Following formula is used to calculate ECL:

ECL = EAD * LGD * PD, where

ECL – expected credit losses;
EAD – exposure at default;
LGD – loss given default;
PD – probability of default.

Approach to determining significant increase in credit risk. If there are facts of a significant increase in credit risk since the initial recognition, the National Bank monitors all financial assets that are subject to impairment requirements. In the event of a significant increase in credit risk, the National Bank will measure the loss allowance based on instrument lifetime rather than 12-month ECL. In relation to financial assets with a significant increase in credit risk, the term "Stage 2 assets" is used.

When assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the National Bank compares the risk of a default occurring on the instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity as at the current reporting date when the financial instrument was initially recognised. In making this assessment, the National Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the National Bank's historical experience and expert credit assessment including forward-looking information.

Credit-impaired financial asset. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as "Stage 3 assets".

More detailed information on estimation of expected credit losses, criteria for significant increase of credit risk and credit impairment for each group of financial assets is given below.

**Estimation of expected credit losses for amounts due from banks and other financial institutions**

Impairment indicators are determined based on the ratings of international rating agencies Moody's Investors Service, Fitch Ratings, Standard & Poor's (hereinafter Moody's, Fitch, S&P, respectively), analysis of financial statements of the National Bank's counterparties and other information, which indicates change in their credit risk.

# 3 Significant accounting policies (continued)

## (d) Financial assets (continued)

### *(ii) Measurement of expected credit losses for assets (continued)*

Approach to determining significant increase in credit risk. Indicators of significant increase of credit risk for these assets are as follows:

- deterioration of the long-term counterparty rating below Baa2 (BBB) according to the classification of one or more rating agencies indicated above compared to the rating upon initial recognition;
- assignment of points to a commercial bank, below a certain level, when calculating limits for counterparties in accordance with the policy of determining limits for counterparties of the National Bank.
- incurring annual net losses by the counterparty for 2 (two) consecutive years or more;
- delay in fulfilment of obligations to transfer currency in accordance with the payment order of the National Bank or overdue of the principal and/or interest over 3 (three) days;
- information on large amounts of fines, legal proceedings and other negative information obtained from reliable sources that may affect the counterparty's credit risk during the future reporting period.

Indicators of credit impairment. Indicators of credit impairment of amounts due from banks and other financial institutions are:

- default, i.e. the inability or failure of the counterparty to fulfil its obligations;
- delay in fulfilment of obligations over 30 days;
- a contractor's request for debt restructuring;
- assignment to the counterparty of the rating D/Default, partial/selective default (RD/SD) by one or several rating agencies;
- other negative information obtained from reliable sources, which is an indicator of the significant financial difficulties of the counterparty, which does not allow him to fulfil obligations under an agreement with the National Bank.

Calculation of expected credit losses for amounts due from banks and other financial institutions.

EAD for nostro accounts is equal to the average balance of the current account (calculated as the average value of account balances at the end of each month over the past 12 months), converted to soms at the official exchange rate of the National Bank as at the reporting date.

EAD for term deposits in foreign banks, term deposits in international financial institutions is equal to the future discounted value of contractual cash flows on assets (principal and interest), converted to soms at the official exchange rate of the National Bank as at the reporting date. The discount factor for discounting contractual cash flows on placements with banks is the effective interest rate on the financial asset.

# 3 Significant accounting policies (continued)

## (d) Financial assets (continued)

### *(ii) Measurement of expected credit losses for assets (continued)*

Loss given default is the share of difference between cash flows, which are due to the National Bank in accordance with the contract, and cash flows, which National Bank expects to receive in case of default of the counterparty. LGD vary from nil to 100% and are calculated using the following formula:

LGD =100% – RR, where

RR (recovery rate) is an indicator of the share of the refund in case of default of the counterparty or instrument according to rating agencies.

The average cumulative default rates, published and updated by the international rating agency Moody's, are used as the probability of default (PD). Similar rates from the rating agency S&P are used as an alternative. If the counterparty does not have a rating agency both from Moody's and S&P, a similar rating from Fitch is used.

**Assessment of expected credit losses on investments in securities measured at fair value through other comprehensive income**

Approach to determining significant increase in credit risk. An indication of a significant increase in credit risk for investments in securities measured at fair value through other comprehensive income is a decrease in the issuer rating by two (2) or more levels on the scale of an international rating agency as compared to the rating at initial recognition.

Indicators of credit impairment. Evidence of credit impairment of investments in securities measured at fair value through other comprehensive income comprises:

- default, i.e. the inability or failure of the counterparty to fulfil its obligations;
- delay in fulfilment of obligations over 30 days;
- a counterparties' request for debt restructuring;
- assignment to the counterparty of the rating D/Default, partial/selective default (RD/SD) by one or several rating agencies;
- other negative information obtained from reliable sources, which is an indicator of the significant financial difficulties of the counterparty, which does not allow him to fulfil obligations under an agreement with the National Bank.

Measurement of expected credit losses on investments in securities measured at fair value through other comprehensive income

EAD for investments in securities measured at fair value through other comprehensive income is equal to the discounted value of contractual cash flows on assets (principal and interest), converted to soms at the official exchange rate of the National Bank as at the reporting date. The discount factor for discounting contractual cash flows on placements with banks is the effective interest rate on the financial asset.

# 3 Significant accounting policies (continued)

## (d) Financial assets (continued)

### *(ii) Measurement of expected credit losses for assets (continued)*

Loss given default is the share of difference between cash flows, which are due to the National Bank in accordance with the contract, and cash flows, which National Bank expects to receive in case of default of the counterparty. LGD vary from nil to 100% and are calculated using the following formula:

LGD =100% - RR, where

RR (recovery rate) is an indicator of the share of the refund in case of default of the counterparty or instrument according to rating agencies.

The average cumulative default rates, published and updated by the international rating agency Moody's, are used as the probability of default (PD). Similar rates from the rating agency S&P are used as an alternative. If the counterparty does not have a rating agency both from Moody's and S&P, a similar rating from Fitch is used.

**Assessment of expected credit losses on investments in securities measured at amortised cost**

<u>Approach to determining significant increase in credit risk.</u> Indicator of significant deterioration in credit risk for investments in securities measured at amortised cost is a decrease in the sovereign rating of the Kyrgyz Republic by 2 (two) or more levels in accordance with scale of an international rating agency within one year (in the last 12 months).

<u>Indicator of credit impairment.</u> Indicator of credit impairment of investments in securities measured at amortised cost is breach of contractual obligations for a period of more than 30 days without taking into account the officially granted period of deferment of payments.

<u>Calculation of expected credit losses on investments in securities measured at amortised cost.</u>

EAD for investments in securities measured at amortised cost is equal to the present value of the principal amount balance of securities and interest receivable in future.

LGD for investments in securities measured at amortised cost is calculated based on the sovereign rating of the Kyrgyz Republic.

Weighted cumulative default rates corresponding to the sovereign rating of the Kyrgyz Republic are used as the probability of default on investments in securities measured at amortised cost.

# 3 Significant accounting policies (continued)

## (d) Financial assets (continued)

### *(ii) Measurement of expected credit losses for assets (continued)*

**Estimation of expected credit losses for loans to banks and international organisations**

At initial recognition a loan is assigned low risk of default, i.e. the loan is included in Stage 1 loans, except for loans of last resort and loans to maintain liquidity issued to a bank, which was defined as unreliable under the risk-based supervision system of the National Bank, PD for which is determined as being equal to 100%.

Approach to determining significant increase in credit risk. If the value of PD of a bank or international organisation in the reporting period is among 40 or 10 percent of the highest PD throughout the entire banking system of the Kyrgyz Republic over the past 60 months, this fact is regarded as a significant increase in credit risk of the bank and international organisation.

Indicator of credit impairment. Indicator of credit impairment of a loan issued is the failure to fulfil contractual obligations for following periods:

- for overnight loan and 7-day loan – for a period of more than 1 (one) day without taking into account the officially granted grace period;
- for other loans, with the exception of liquidity loan issued to unreliable bank – for a period of more than 30 (thirty) days without taking into account the officially granted period of deferment of payments.

Calculation of expected credit losses for loans to banks and international organisations

EAD for loans issued is equal to the present value of the principal amount of the loan and interest on loans receivable in the future.

LGD for loans issued depends on the structure of the collaterals, and the following formula is used:

$$LGD = \frac{EAD - [\sum_{i=1}^{n} Collateral_i * (1 - Disc\_factor_i)]}{EAD}, \text{ where}$$

EAD – exposure at default;

$Collateral_i$ – value of a specific type of collateral;

$Disc\_factor_i$ – discount factor corresponding to a specific type of collateral.

PD for loans issued is calculated on the basis of a specialised model, which is based on trend of borrowers' financial ratios and trend of the main macroeconomic indicators of banks and financial institutions that received loans.

# 3 Significant accounting policies (continued)

## (d) Financial assets (continued)

### *(iii) Presentation of allowance for expected credit losses in the separate statement of financial position*

Impairment allowances for ECL are presented in the separate statement of financial position as follows:

- for financial assets at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at fair value through other comprehensive income: allowance for expected credit losses is included in the carrying amount of the asset, with the amount of the revaluation recognised in the investment revaluation reserve.

### *(iv) Modification and derecognition of financial assets*

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified the National Bank assesses whether this modification results in derecognition. Modification results in derecognition of the asset when the result of the modification gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the National Bank considers qualitative and quantitative factors. If the difference in present value is greater than 10% the National Bank deems the modified terms are substantially different from the original contractual terms leading to derecognition.

The National Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the National Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

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

The National Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including as a result of a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the National Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the National Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the National Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the National Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the National Bank repurchases its own debt, it is removed from the separate statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains or losses arising from early retirement of debt.

The National Bank writes off assets that are deemed to be uncollectible after all measures on collection of debt have been undertaken.

CONTENT

## 3 Significant accounting policies (continued)

### (e) Impairment of non–financial assets

Other non-financial assets are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (f) Investments in subsidiaries and an associate

Investments in subsidiaries are carried at cost less impairment losses.

Investments in the associate of the National Bank are accounted for using the equity method, according to which the investments are initially measured at cost, and then their value is adjusted to reflect the change in the investor's share in the net assets of the investee after the acquisition. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

Dividends received from the investee as a result of the distribution of profits reduce the carrying amount of the investment.

The National Bank discontinues recognising its share of further losses when the National Bank's cumulative share of losses of an investee equals or exceeds its interest in that investee.

***Calculation of the impairment allowance for investments in subsidiaries***

The National Bank must determine at the end of each reporting period whether there is any indication of impairment of investments in the subsidiary. If any such indication exists, the National Bank estimates the recoverable amount of investment in the subsidiary.

The recoverable amount of investment in the subsidiary is defined as the higher of the fair value less costs of disposal or its value in use (fair value less costs of disposal or value in use). When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The National Bank estimates the impairment amount based on detailed budgets and forecast calculations which are prepared separately for each of the cash generating units to which individual assets are allocated. Forecast calculations are made for ten years using planned figures.

# 3 Significant accounting policies (continued)

## (f) Investments in subsidiaries and an associate (continued)

Calculation of the impairment allowance for investments in subsidiaries (continued)

Impairment losses on investments in subsidiaries are recognised in the separate statement of profit or loss. For investments excluding goodwill, an assessment is made by the National Bank at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the National Bank estimates the recoverable amount of investments. A previously recognised impairment loss is reversed only if there has been a change in the assumption used to determine the investments' recoverable amount since when the last impairment loss was recognised. Any impairment loss is only reversed to the extent that the investment's carrying amount does not exceed its recoverable amount and also does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised. Such recovery is recognised in the separate statement of profit or loss.

## (g) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group), with the sale being highly probable and expected to qualify for recognition as held for sale within one year from the date of classification.

## (h) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses in the separate financial statements. 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 is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

| | |
|---|---|
| Buildings | 75 years |
| Constructions | 20 years |
| Furniture and equipment | 7 years |
| Computer equipment | 7 years |
| Motor vehicles | 7 years |
| Land improvements | 10 years |

## (i) Intangible assets

Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses in the separate financial statements.

Acquired computer software licenses and expenses to bring to use the specific software are included in the cost of the relevant intangible asset.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are no more than 5 years.

CONTENT

# 3 Significant accounting policies (continued)

## (j) Financial liabilities

Financial liabilities are recorded in the separate statement of financial position of the National Bank when the National Bank becomes a party to the contract with respect to the relevant financial instrument. The National Bank recognises regular way purchases and sales of financial liabilities on the trade date.

All financial liabilities of the National Bank are carried at amortised cost.

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

When the National Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The National Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that 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 rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

## (k) Banknotes and coins in circulation

Banknotes and coins in circulation are recorded in the separate statement of financial position at their nominal value. Banknotes and coins in circulation are recorded as a liability. Banknote and coins in national currency held in the vaults and cash offices are not included in the banknotes and coins in circulation.

Production costs of banknotes and coins that are not in circulation are recorded within other assets until released into circulation.

Expenses on production of banknotes and coins issued into circulation include expenses for security, transportation, insurance and other expenses. Expenses on production of banknotes and coins are recognised upon their issuance into circulation and are recorded as a separate item in the separate statement of profit or loss.

## (l) Charter capital and reserves

The National Bank has a fixed amount of charter capital. Increases and decreases of the amount of charter capital are implemented through amendments to the constitutional Law "On the National Bank of the Kyrgyz Republic". Charter capital of the National Bank is recognised at cost.

The obligatory reserve has been created through the capitalisation of a portion or all of net profit upon its distribution to the state budget as established by the Law. The obligatory reserve is recognised at cost.

# 3 Significant accounting policies (continued)

## (m) Taxation

In accordance with legislation of the Kyrgyz Republic, the National Bank is exempt from income tax. All other compulsory payments to the budget, which are assessed on the National Bank's activities, are accrued and paid in accordance with the Tax Code of the Kyrgyz Republic. Taxes that the National Bank pays as a tax agent are included as a component of administrative expenses in the separate statement of profit or loss.

## (n) Income and expense recognition

Fee and commission income and expenses as well as other income and expenses are recognised when the corresponding service is provided.

Interest income and expense for all financial instruments except for those designated as at fair value through profit or loss (the "FVTPL") are recognised in "Net interest income" as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period.

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

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

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (the "ECLs"). For financial assets purchased or originated credit-impaired (the "POCI") the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

## (o) Fiduciary assets

The National Bank provides agency services that result in holding of assets on behalf of third parties. These assets and income arising thereon are excluded from these separate financial statements as they are not assets of the National Bank.

## 3 Significant accounting policies (continued)

### (p) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the separate statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. An offsetting right must not be preconditioned by a future event and must have a legal force at all circumstances:

- the normal course of business;
- in the event of default; and
- the event of insolvency or bankruptcy of the entity or any of the counterparties.

Income and expenses are presented on a net basis in the separate statement of profit or loss only when permitted under IFRS.

## 4 Adoption of new and revised standards

The National Bank applied the following new and revised standards and amendments, which are effective for annual periods beginning on 1 January 2024:

- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" which will introduce targeted disclosure requirements that will enhance transparency of supplier finance arrangements and their effects on liabilities and cash flows.
- Amendments to IAS 1 "Presentation of Financial Statements" requires to classify liabilities as current or noncurrent based on rights to defer settlement for at least 12 months which must exist and have a substance as at the reporting date. Only covenants with which a company must comply on or before the reporting date may affect this right.
- Amendments to IFRS 16 "Leases" which introduce a new model for accounting of variable payments and will require seller-lessees to reassess and possibly restate sale-leaseback transactions.

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

**New standards, interpretations and amendments thereof**

New standards, amendments and interpretations issued but not yet effective up to the date of issuance of the National Bank's separate financial statements are listed below.

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates", which requires a consistent approach to assessing whether one currency can be exchanged for another and when it cannot, regulates the determination of the exchange rate and includes requirements for necessary disclosures in financial statements;
- The introduction of IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out the presentation and disclosure requirements for general purpose financial statements and will replace IAS 1 "Presentation of Financial Statements";

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# 4 Adoption of new and revised standards (continued)

**New standards, interpretations and amendments thereof (continued)**

- Introduction of IFRS 19 “Subsidiaries without Public Responsibility: Disclosures”. Under this standard, subsidiaries that meet certain criteria may apply simplified disclosure requirements in their consolidated, separate or individual financial statements;
- Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” to clarify the requirements for classification and measurement of financial instruments. The main changes include:
  - clarifying the classification of financial assets with reference to environmental, social (ESG) and similar indicators: the characteristics of loans related to ESG may affect whether loans are measured at amortised cost or fair value. The amendments clarify how contractual cash flows for such loans should be measured;
  - settlement of liabilities through electronic payment systems. The amendments clarify the date on which a financial asset or financial liability is derecognised.
- Introduction of IFRS S1 “General Requirements for Disclosure of Sustainability-related Financial Information” and IFRS S2 “Climate-related Disclosures” which provide a framework for banks to report on all sustainability-related topics across the areas of governance, strategy and risk management. These standards are also designed to disclose information that is expected to affect the assessments that investors make about future cash flows.

The National Bank intends to adopt these standards, amendments and interpretations if applicable, when they become effective. An analysis of the potential effect of adoption of these standards on separate financial statements has not yet been conducted.

# 5 Significant assumptions and sources of estimation uncertainty

In the application of the National Bank’s accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are based on past experience and other factors that are deemed to be relevant in specific circumstances. Actual outcomes could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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.

# 5 Significant assumptions and sources of estimation uncertainty (continued)

**Significant assumptions**

***Expected credit losses from financial assets***

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining expected credit losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of expected credit losses allowances. Expected credit losses calculations of the National Bank are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the expected credit losses models that are considered accounting judgements and estimates include:

- The National Bank's internal credit grading model, which assigns PDs to the individual grades;
- The National Bank's criteria for assessing if there has been a significant increase in credit risk and so ECL allowances for financial assets should be measured on a life-time expected credit losses basis and the qualitative assessment;
- Development of expected credit losses models, including the various formulae and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the expected credit losses models.

More details are provided in Notes 24, 29.

***Calculation of the impairment allowance for investments in subsidiaries***

The National Bank uses cash flow projections based on financial budgets/forecasts for a period longer than five years. The National Bank believes that these projections are reliable.

Cash flow projections for a period exceeding five years are made by extrapolating cash flow projections based on financial budgets/forecasts using a constant growth rate for subsequent years.

In assessing the value in use of an investment in a subsidiary, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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# 6 Reclassifications

Certain reclassifications have been made to the separate financial statements for the year ended 31 December 2023 to conform to the presentation of separate financial statements for the year ended 31 December 2024. In 2024 realised gain on non-monetary gold and gold reserves transactions item is highlighted in the separate statement of profit or loss. In order to achieve transparency and comparability of information, the necessary transfer of relevant income and expenses for 2023 has been carried out. These changes did not affect the financial results in the separate financial statements for the year ended 31 December 2023.

Impact of changes on the separate financial statements for the year ended 31 December 2023 is provided below.

(in thousands of soms)

| **Items of separate statement of profit or loss for the year ended 31 December 2023** | **Before reclassification** | **Reclassification amount** | **Result of reclassification** |
|---|---|---|---|
| Realised gain on non-monetary gold and gold reserves transactions | – | 33 110 | 33 110 |
| Other income | 814 214 | (340 900) | 473 314 |
| Other expenses | (343 747) | 307 790 | (35 957) |

(in thousands of soms)

| **Items of separate statement of cash flows for the year ended 31 December 2023** | **Before reclassification** | **Reclassification amount** | **Result of reclassification** |
|---|---|---|---|
| Net cash inflow from dealing in non-monetary gold and gold reserves | – | 33 110 | 33 110 |
| Other income | 394 877 | (340 900) | 53 997 |
| Administrative and other expenses excluding payroll expenses | (759 938) | 307 790 | (452 148) |

# 7 Monetary gold

| | **31 December 2024** | **31 December 2023** |
|---|---|---|
| **Monetary gold** | | |
| Gold in accounts with foreign banks and in bullion | 278 261 231 | 127 413 613 |
| | **278 261 231** | **127 413 613** |

Gold in accounts with foreign banks and gold bullion meets the standards of London Bullion Market Association and Shanghai Gold Exchange standards.

### Concentration of gold on deposits in foreign banks

As at 31 December 2024 and 2023 the National Bank has gold on accounts with foreign banks with a credit rating of A+ assigned by Fitch Ratings Inc. (the “Fitch”).

As at 31 December 2024 and 2023 the National Bank has gold balances on accounts with foreign banks exceeding 10% of equity.

*(In thousands of soms)*

# 8 Cash on hand, amounts due from banks and other financial institutions

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Accounts and deposits with foreign banks** | | |
| **Nostro accounts with foreign banks** | | |
| - rated at AAA | 1 669 420 | 2 189 137 |
| - rated from AA- to AA+ | 25 422 772 | 34 189 664 |
| - rated from BB- to BBB | 28 443 | 36 886 |
| - not rated | 1 469 881 | 3 922 446 |
| **Total nostro accounts with foreign banks** | **28 590 516** | **40 338 133** |
| Allowance for expected credit losses | (208 986) | (170 308) |
| | **28 381 530** | **40 167 825** |
| **Term deposits with foreign banks** | | |
| - rated from AA- to AA+ | 18 029 000 | 8 399 257 |
| - rated from A- to A+ | 11 560 421 | 10 794 352 |
| **Total term deposits with foreign banks** | **29 589 421** | **19 193 609** |
| Allowance for expected credit losses | (338) | (341) |
| | **29 589 083** | **19 193 268** |
| **Accounts and deposits with international financial institutions** | | |
| Account with the International Monetary Fund (IMF) | 18 239 947 | 15 809 958 |
| Accounts with the Bank for International Settlements (BIS) | 17 093 868 | 28 501 250 |
| **Total accounts and deposits with international financial institutions** | **35 333 815** | **44 311 208** |
| Allowance for expected credit losses | (30) | (20) |
| | **35 333 785** | **44 311 188** |
| Cash on hand in foreign currencies | 20 484 983 | 20 978 876 |
| **Cash on hand, amounts due from banks and other financial institutions** | **113 789 381** | **124 651 157** |

### Concentration of amounts due from banks and other financial institutions

As at 31 December 2024 and 2023 the National Bank has accounts with three banks and other financial institutions rated from AA+, whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2024 is 50 799 775 thousand soms (at 31 December 2023: 70 511 246 thousand soms).

The credit ratings are presented by reference to the credit ratings of Fitch credit rating agency or analogues of similar international agencies.

Movement in the allowance for expected credit losses is disclosed in Notes 24, 29.

*(In thousands of soms)*

# 8 Cash on hand, amounts due from banks and other financial institutions (continued)

### Cash and cash equivalents

Cash and cash equivalents for the purposes of the separate statement of cash flows comprise the following:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Nostro accounts with foreign banks | 28 381 530 | 40 167 825 |
| Nostro accounts with BIS | 17 093 850 | 28 501 242 |
| Accounts with the IMF | 18 239 935 | 15 809 946 |
| Cash on hand in foreign currencies | 20 484 983 | 20 978 876 |
| **Cash and cash equivalents in the separate statement of cash flows** | **84 200 298** | **105 457 889** |

# 9 Loans to banks and international organisations

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Loans issued to resident commercial banks** | | |
| - not rated | 155 605 | 159 335 |
| **Total loans to banks and international organisations before allowance for expected credit losses** | **155 605** | **159 335** |
| Allowance for expected credit losses | (155 605) | (159 335) |
| **Loans to banks and international organisations** | – | – |

The credit ratings are presented by reference to the credit ratings of Fitch credit rating agency or analogues of similar international agencies.

As at 31 December 2024 and 2023 the National Bank does not have loans issued to banks and international organisations whose balances exceeded 10% of total equity.

Movement in the allowance for expected credit losses is disclosed in Notes 24, 29.

*(In thousands of soms)*

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## 10 Investment securities at fair value through other comprehensive income

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Debt securities** | | |
| **Government securities** | | |
| Treasury bonds of the Government of the People's Republic of China with A+ credit rating | 6 886 134 | – |
| Treasury bonds of the Government of Canada with AA+ credit rating | 1 082 376 | – |
| **Total government securities** | **7 968 510** | **–** |
| Debt securities of international financial institutions without a credit rating | 38 504 361 | 33 687 919 |
| Agency securities with AAA credit rating | 4 271 471 | 2 637 758 |
| | **50 744 342** | **36 325 677** |

As at 31 December 2024 and 2023 investment securities measured at fair value through other comprehensive income are not overdue.

As at 31 December 2024 and 2023 the National Bank has one counterparty whose balance exceeded 10% of equity. As at 31 December 2024, the credit risk exposure in respect of this counterparty amounted to 29 456 905 thousand soms (31 December 2023: 27 747 064 soms).

The credit ratings are presented by reference to the credit ratings of Fitch credit rating agency or analogues of similar international agencies.

Movement in the allowance for expected credit losses is disclosed in Notes 24, 29.

## 11 Investment securities at amortised cost

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Treasury bonds of the Ministry of Finance of the Kyrgyz Republic with B- credit rating | 20 727 476 | 10 415 925 |
| Allowance for expected credit losses | (418 024) | (212 251) |
| | **20 309 452** | **10 203 674** |

Movement in the allowance for expected credit losses is disclosed in Notes 24, 29.

*(In thousands of soms)*

## 12 Investments in subsidiaries and associate

The movements of investments in subsidiaries and associate are as follows:

| | Subsidiaries | Associate | Carrying amount |
|---|---|---|---|
| **1 January 2023** | **11 355 056** | **443 260** | **11 798 316** |
| Share of profit of associate | – | 273 115 | 273 115 |
| Dividends received from associate | – | (39 699) | (39 699) |
| Recovery of impairment loss on investment in a subsidiary | 2 541 376 | – | 2 541 376 |
| Reclassification of subsidiary to non-current assets held for sale | (7 126 432) | – | (7 126 432) |
| **31 December 2023** | **6 770 000** | **676 676** | **7 446 676** |
| Share of profit of associate | – | 251 142 | 251 142 |
| Dividends received from associate | – | (60 675) | (60 675) |
| Recovery of impairment loss on investment in a subsidiary | – | – | – |
| Reclassification of subsidiary to non-current assets held for sale | – | – | – |
| **31 December 2024** | **6 770 000** | **867 143** | **7 637 143** |

| Investments in subsidiaries and an associate | Activity | Share of ownership, % | 31 December 2024 | Share of ownership, % | 31 December 2023 |
|---|---|---|---|---|---|
| OJSC Keremet Bank | Bank services | – | – | 97,45 | 7 126 432 |
| OJSC Guarantee Fund | Guarantee issue services | 91,22 | 6 050 000 | 91,22 | 6 050 000 |
| CJSC Kyrgyz Cash Collection | Transportation services | 100,00 | 720 000 | 100,00 | 720 000 |
| CJSC Interbank Process Center | Processing services | 46,71 | 867 143 | 46,71 | 676 676 |
| | | | **7 637 143** | | **14 573 108** |

As at 31 December 2023 investment in OJSC Kerement Bank is reclassified to non-current assets held for sale.

All subsidiaries and associate of the National Bank are registered and operate in the Kyrgyz Republic.

As at 31 December 2023 the National Bank recovered losses from impairment of investment in subsidiary in the amount of 2 541 376 thousand soms.

*(In thousands of soms)*

CONTENT

## 12 Investments in subsidiaries and an associate (continued)

The movements in allowance for impairment of investment in subsidiary which is reclassified to non-current assets held for sale are as follows:

| | |
|---|---|
| **Allowance for impairment of investment in subsidiary as at 1 January 2023** | **(3 631 518)** |
| Recovery of impairment loss on investment in a subsidiary | 2 541 376 |
| Reclassification of subsidiary to non-current assets held for sale | 1 090 142 |
| **Allowance for impairment of investment in subsidiary as at 31 December 2023** | **–** |
| Recovery of impairment loss on investment in a subsidiary | – |
| Reclassification of subsidiary to non-current assets held for sale | – |
| **Allowance for impairment of investment in subsidiary as at 31 December 2024** | **–** |

## 13 Non-current assets held for sale

| | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Non-current assets held for sale | – | 7 126 432 |
| | – | **7 126 432** |

On 27 December 2023 the draft Law of the Kyrgyz Republic "On acquisition by the Cabinet of Ministers of the Kyrgyz Republic of a block of shares of Open Joint Stock Company Keremet Bank from the National Bank of the Kyrgyz Republic" was submitted to the Jogorku Kenesh of the Kyrgyz Republic for consideration.

The Law of the Kyrgyz Republic No. 63 dated 1 March 2024 "On acquisition by the Cabinet of Ministers of the Kyrgyz Republic of a block of shares of the Open Joint Stock Company Keremet Bank from the National Bank of the Kyrgyz Republic" defined the acquisition by the Cabinet of Ministers of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic from the National Bank of block of shares of OJSC Keremet Bank in the amount of 84 770 588 units, representing 97,45 percent of all common voting shares of OJSC Keremet Bank.

The fair value and price of the purchased block of shares of OJSC Keremet Bank was determined in the amount of 7 126 432 thousand soms. The payment was received on 20 March 2024.

*(In thousands of soms)*

## 14 Property and equipment

| | Land | Buildings and constructions | Furniture and equipment | Computer equipment | Motor vehicles | Construction in progress and equipment to be installed | Total |
|---|---|---|---|---|---|---|---|
| ***Cost*** | | | | | | | |
| **At 1 January 2024** | **200 250** | **1 028 479** | **653 155** | **503 904** | **43 599** | **539 890** | **2 969 277** |
| Additions | – | 1 824 | 410 523 | 58 912 | 13 318 | 113 394 | 597 971 |
| Disposals | (74 384) | (505) | (24 335) | (392 831) | (10 208) | (9 766) | (512 029) |
| Transfers | – | 60 272 | 3 670 | (1 446) | – | (65 879) | (3 383) |
| **At 31 December 2024** | **125 866** | **1 090 070** | **1 043 013** | **168 539** | **46 709** | **577 639** | **3 051 836** |
| ***Depreciation*** | | | | | | | |
| **At 1 January 2024** | **–** | **(224 100)** | **(292 602)** | **(421 183)** | **(23 829)** | **–** | **(961 714)** |
| Charge for the year | – | (25 048) | (134 180) | (46 105) | (7 463) | – | (212 796) |
| Disposals | – | 486 | 24 316 | 392 828 | 10 208 | – | 427 838 |
| Transfers | – | – | (7) | 1 063 | – | – | 1 056 |
| **At 31 December 2024** | **–** | **(248 662)** | **(402 473)** | **(73 397)** | **(21 084)** | **–** | **(745 616)** |
| ***Carrying amount*** | | | | | | | |
| **At 31 December 2024** | **125 866** | **841 408** | **640 540** | **95 142** | **25 625** | **577 639** | **2 306 220** |

*(In thousands of soms)*

## 14 Property and equipment (continued)

| | Land | Buildings and constructions | Furniture and equipment | Computer equipment | Motor vehicles | Construction in progress and equipment to be installed | Total |
|---|---|---|---|---|---|---|---|
| ***Cost*** | | | | | | | |
| **At 1 January 2023** | **200 250** | **969 800** | **638 754** | **508 835** | **79 395** | **527 826** | **2 924 860** |
| Additions | – | – | 99 999 | 11 144 | 1 139 | 99 576 | 211 858 |
| Disposals | – | – | (100 690) | (16 413) | (36 935) | (2 845) | (156 883) |
| Transfers | – | 58 679 | 15 092 | 338 | – | (84 667) | (10 558) |
| **At 31 December 2023** | **200 250** | **1 028 479** | **653 155** | **503 904** | **43 599** | **539 890** | **2 969 277** |
| ***Depreciation*** | | | | | | | |
| **At 1 January 2023** | **–** | **(200 434)** | **(304 180)** | **(365 585)** | **(52 137)** | **–** | **(922 336)** |
| Charge for the year | – | (23 666) | (89 112) | (72 011) | (8 627) | – | (193 416) |
| Disposals | – | – | 100 690 | 16 413 | 36 935 | – | 154 038 |
| **At 31 December 2023** | **–** | **(224 100)** | **(292 602)** | **(421 183)** | **(23 829)** | **–** | **(961 714)** |
| ***Carrying amount*** | | | | | | | |
| **At 31 December 2023** | **200 250** | **804 379** | **360 553** | **82 721** | **19 770** | **539 890** | **2 007 563** |

During 2024 property and equipment transferred to the intangible assets in the amount of 3 383 thousand soms (2023: 10 558 thousand soms).

As at 31 December 2024 and 2023 there are no fully depreciated property and equipment.

(In thousands of soms)

## 15 Non-monetary gold and gold reserves

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Gold reserves | 72 245 123 | 122 139 214 |
| Non-monetary gold | 2 270 445 | 5 846 352 |
| | **74 515 568** | **127 985 566** |

During 2024 the National Bank conducted operations with gold that is not part of international reserves on sale on the foreign market, as well as on purchase with the aim to form the National Bank's reserves as part of the prospects for development of the domestic precious metals market. Information on revenue and cost of sales of non-monetary gold and gold reserves is disclosed in Note 26.

## 16 Other assets

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Accounts receivable | 393 508 | 416 349 |
| Allowance for expected credit losses | (20 938) | (55 896) |
| **Other financial assets** | **372 570** | **360 453** |
| | | |
| Advances paid | 1 379 679 | 1 628 518 |
| Inventory | 588 467 | 776 940 |
| Numismatic items | 160 617 | 96 210 |
| Other | 12 384 | 8 229 |
| **Other non-financial assets** | **2 141 147** | **2 509 897** |
| | **2 513 717** | **2 870 350** |

Movement in the allowance for expected credit losses is disclosed in Notes 24, 29.

As at 31 December 2024 and 2023 advances paid comprise prepayment to an entity with state ownership for construction and installation works on construction in progress in the amount of 1 171 362 thousand soms.

## 17 Banknotes and coins in circulation

As at 31 December 2024 and 2023, banknotes and coins in circulation comprise:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Banknotes and coins in circulation | 243 313 538 | 210 545 932 |
| Less banknotes and coins on hand in national currency | (2 888 805) | (3 294 904) |
| | **240 424 733** | **207 251 028** |

Banknotes and coins in circulation represent the face value of the amount of banknotes and coins in circulation held by the public and organisations.

*(In thousands of soms)*

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## 18 Amounts due to banks and other financial institutions

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Accounts of commercial banks | 80 911 121 | 45 510 202 |
| Accounts of commercial banks and financial institutions owned by the Cabinet of Ministers of the Kyrgyz Republic | 46 343 648 | 11 747 956 |
| Accounts of other financial institutions | 1 064 738 | 1 740 860 |
| | **128 319 507** | **58 999 018** |

As at 31 December 2024 the National Bank has five commercial bank account balances individually in excess of 10% of total equity (as at 31 December 2023: two commercial banks). The gross value of balances in the accounts of these banks as at 31 December 2024 is 95 667 611 thousand soms (as at 31 December 2023: 17 510 937 thousand soms).

## 19 Amounts due to the Cabinet of Ministers of the Kyrgyz Republic

Amounts due to the Cabinet of Ministers of the Kyrgyz Republic comprise funds in the current accounts of the Ministry of Finance of the Kyrgyz Republic.

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| In national currency | 41 773 714 | 42 179 078 |
| In foreign currency | 355 246 | 457 900 |
| | **42 128 960** | **42 636 978** |

## 20 Debt securities issued

As at 31 December 2024 and 2023 debt securities issued include securities with the following maturities and carrying amounts:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Notes of the National Bank with maturity of 7 days | 1 107 378 | 319 683 |
| Notes of the National Bank with maturity of 28 days | – | 42 349 561 |
| Notes of the National Bank with maturity of 91 days | – | 8 107 492 |
| Notes of the National Bank with maturity of 182 days | – | 3 504 778 |
| | **1 107 378** | **54 281 514** |

The National Bank is entitled to issue securities and conduct all kinds of operations with them in accordance with accepted international practice in order to conduct its monetary policy. The notes of the National Bank are placed through Automated Trading System of the National Bank, members of which are commercial banks in the Kyrgyz Republic.

*(In thousands of soms)*

## 21 Liabilities to the IMF in respect of SDR allocations

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Liabilities to the IMF in respect of SDR allocations | 12 904 627 | 10 204 524 |

A special drawing rights (the "SDR") allocation is an unconditional distribution of SDR amounts to International Monetary Fund (the "IMF") member countries by its decision for the purpose of replenishing international reserves and sustaining the liquidity of IMF member countries. The allocation is a cooperative monetary response to the global financial crisis by the provision of significant unconditional financial resources to liquidity constrained countries, which have to smooth the need for adjustment and add to the scope for expansionary policies, designed to provide liquidity to the global economic system by supplementing the IMF member countries' foreign exchange reserves. The general SDR allocations were made to IMF members in proportion to their existing IMF quotas (Note 31). Separately, on 10 August 2009, the Fourth Amendment to the IMF Articles of Agreement providing for a special one-time allocation of SDRs entered into force to boost global liquidity. According to the amendment, the special allocation was made to IMF members, which includes Kyrgyz Republic, on 9 September 2009. Members and prescribed holders may use their SDR holdings to conduct transactions with the IMF. The Kyrgyz Republic received the right to use SDR allocations in the amount of 84 737 thousand SDR.

In 2021, the IMF conducted an SDR allocation among the member countries in the context of the need to mitigate the negative effects of the COVID-19 pandemic, as a result, on 23 August 2021, the Kyrgyz Republic increased the amount of SDR allocated by 170 222 thousand SDR. The interest rate is determined weekly by the IMF and is the same for all recipients of SDR allocations in the world.

On 13 May 2022, an Agreement was signed on the transfer of SDR allocated by the IMF to the Cabinet of Ministers of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic in 2021, according to which the allocated SDR will be used to repay part of the state foreign debt of the Kyrgyz Republic.

In 2024, the Ministry of Finance of the Kyrgyz Republic recovered to the National Bank 28 370 thousand SDR previously transferred under the Agreement on the transfer of SDR allocated by the IMF to the Cabinet of Ministers of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic in 2021 (in 2023: the National Bank transferred 56 386 thousand SDR to the Ministry of Finance of the Kyrgyz Republic). As at 31 December 2024, the liabilities of the National Bank and the Ministry of Finance of the Kyrgyz Republic under SDR received from the IMF in respect of allocations amount to 113 107 thousand SDR and 141 852 thousand SDR, respectively (as at 31 December 2023: 84 737 thousand SDR and 170 222 thousand SDR, respectively).

*(In thousands of soms)*

## 21 Liabilities to the IMF in respect of SDR allocations (continued)

The table below details changes in the National Bank's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the National Bank's separate statement of cash flows as cash flows from financing activities.

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | **1 January 2024** | **Cash flows from financing activities (i)** | **Foreign currency exchange rate adjustment** | **Other changes (ii)** | **31 December 2024** |
| Liabilities to the IMF in respect of SDR allocations | 10 204 524 | – | (500 390) | 3 200 493 | 12 904 627 |
| | **10 204 524** | **–** | **(500 390)** | **3 200 493** | **12 904 627** |

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | **1 January 2023** | **Cash flows from financing activities (i)** | **Foreign currency exchange rate adjustment** | **Other changes (iii)** | **31 December 2023** |
| Liabilities to the IMF in respect of SDR allocations | 16 171 080 | – | 623 633 | (6 590 189) | 10 204 524 |
| | **16 171 080** | **–** | **623 633** | **(6 590 189)** | **10 204 524** |

(i) Cash flows from liabilities to the IMF in respect of SDR allocations comprise the gross amount of proceeds from borrowing and repayment of borrowings in the separate statement of cash flows.

(ii) As at 31 December 2024, other changes include recovery by the Cabinet of Ministers of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic to the National Bank of SDR allocated to the Kyrgyz Republic by the IMF and changes in accrued interest.

(iii) As at 31 December 2023, other changes include transfers by the National Bank to the Cabinet of Ministers of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic of SDR allocated to the Kyrgyz Republic by the IMF and changes in accrued interest.

CONTENT

## 22 Charter capital

**Paid-up capital**

In accordance with the constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic", the charter capital of the National Bank amounts to 4 000 000 thousand soms.

**Distribution to the state budget and obligatory reserve**

In accordance with the constitutional Law "On Issues of transfer of the National Bank's profit of the Kyrgyz Republic" dated February 5, 2025, the transfer of profit of the National Bank by result of 2024 is carried out after confirmation of the financial statements by independent auditor.

On 12 June 2024, the profit of the National Bank for 2023 was approved for distribution in the amount of 12 436 056 thousand soms, which was transferred to the republican budget of the Kyrgyz Republic in the amount of one hundred percent (in 2023: the profit for 2022 in the amount of 10 186 889 thousand soms was approved, of which 9 168 200 thousand soms was transferred to the republican budget of the Kyrgyz Republic, 1 018 689 thousand soms was transferred to the obligatory reserve of the National Bank).

Amounts of transfers to the republican budget and obligatory reserve are excluded from the separate statement of cash flows due to the fact that these amounts were recorded as an increase in funds of the Cabinet of Ministers of the Kyrgyz Republic.

**Capital management**

The capital of the National Bank comprises the residual value of the National Bank's assets after deduction of all its liabilities.

The National Bank's objectives when capital management are to maintain an appropriate level of capital to ensure economic independence of the National Bank and ability to perform its functions. The National Bank considers total capital under management as total equity shown in the separate statement of financial position.

Any external capital requirements do not exist for the National Bank, except for the size of the charter capital stipulated by the constitutional Law "On the National Bank of the Kyrgyz Republic", which is 4 000 000 thousand soms.

*(In thousands of soms)*

# 23 Net interest income/(expense)

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| **Interest income calculated using effective interest rate** | | |
| Nostro accounts with foreign banks and international financial institutions | 2 921 534 | 2 048 142 |
| Investment securities at amortised cost | 1 988 195 | 773 700 |
| Term deposits in foreign banks and international financial institutions | 1 627 347 | 959 785 |
| Investment securities at fair value through other comprehensive income | 1 537 283 | 1 336 748 |
| Loans to banks and international organisations | – | 81 861 |
| Other | 57 323 | 70 970 |
| | **8 131 682** | **5 271 206** |
| **Interest expense** | | |
| Debt securities issued | (4 490 117) | (6 308 951) |
| Amounts due to banks and other financial institutions | (2 512 644) | (1 627 633) |
| Liabilities to the IMF in respect of SDR allocations | (409 060) | (510 860) |
| Other | (101 038) | (22 978) |
| | **(7 512 859)** | **(8 470 422)** |
| | **618 823** | **(3 199 216)** |

*(In thousands of soms)*

## 24 Accrual/(recovery) of allowance for expected credit losses

| | Cash on hand, amounts due from banks and other financial institutions (Note 8) | | Loans to banks and international organisations (Note 9) | Investments in securities at fair value through other comprehensive income | Investment securities measured at amortised cost (Note 11) | Other financial assets (Note 16) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Stage1 | Stage2 | Stage 3 | Stage 1 | Stage1 | Stage1 | Stage2 | Stage3 | Total |
| **Allowance for expected credit losses as at 1 January 2024** | **3 738** | **166 931** | **159 335** | **26** | **212 251** | **5 280** | **933** | **49 683** | **598 177** |
| Changes in reserve | | | | | | | | | |
| Transfer to Stage 1 | – | – | – | – | – | 12 | (12) | – | – |
| Transfer to Stage 2 | (1) | 1 | – | – | – | (301) | 301 | – | – |
| Transfer to Stage 3 | – | – | – | – | – | – | – | – | – |
| Net changes resulting from changes in credit risk parameters | – | – | – | – | (1 643) | – | – | – | (1 643) |
| Recovery of losses/(write-off of assets against provisions) | – | – | 163 | – | – | – | – | – | 163 |
| Financial assets originated or purchased | 2 316 | 108 112 | (163) | 259 | 207 416 | 1 294 | – | 932 | 320 166 |
| Financial assets derecognised, except for write-offs | (1 890) | (69 853) | – | (20) | – | (2 040) | (603) | (34 491) | (108 897) |
| Change in currency rates and other changes | – | – | (3 730) | 1 | – | – | – | (50) | (3 779) |
| **Allowance for expected credit losses as at 31 December 2024** | **4 163** | **205 191** | **155 605** | **266** | **418 024** | **4 245** | **619** | **16 074** | **804 187** |

CONTENT

*(In thousands of soms)*

## 24 Accrual/(recovery) of allowance for expected credit losses (continued)

| | Cash on hand, amounts due from banks and other financial institutions (Note 8) | | Loans to banks and international organisations (Note 9) | Investments in securities at fair value through other comprehensive income | Investment securities measured at amortised cost (Note 11) | Other financial assets (Note 16) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Stage1** | **Stage2** | **Stage3** | **Stage1** | **Stage1** | **Stage1** | **Stage2** | **Stage3** | **Total** |
| **Allowance for expected credit losses as at 1 January 2024** | **4 095** | **200 258** | **153 244** | **3** | **97 005** | **6 538** | **1 125** | **44 209** | **506 477** |
| Changes in reserve | | | | | | | | | |
| Transfer to Stage 1 | – | – | – | – | – | – | – | – | – |
| Transfer to Stage 2 | – | – | – | – | – | (145) | 145 | – | – |
| Transfer to Stage 3 | – | – | – | – | – | – | (31) | 31 | – |
| Net changes resulting from changes in credit risk parameters | – | – | – | – | 111 | – | – | 2 776 | 2 887 |
| Recovery of losses/(write-off of assets against provisions) | – | – | 108 | – | – | – | – | – | 108 |
| Financial assets originated or purchased | 1 122 | 61 552 | – | 26 | 115 135 | 504 | 27 | 2 752 | 181 118 |
| Financial assets derecognised, except for write-offs | (1 479) | (94 879) | (108) | (3) | – | (1 570) | (380) | (31) | (98 450) |
| Change in currency rates and other changes | – | – | 6 091 | – | – | (47) | 47 | (54) | 6 037 |
| **Allowance for expected credit losses as at 31 December 2024** | **3 738** | **166 931** | **159 335** | **26** | **212 251** | **5 280** | **933** | **49 683** | **598 177** |

*(In thousands of soms)*

## 25 Realised gain on foreign currencies and monetary gold transactions

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| Realised gain from operations with foreign currencies and monetary gold | 7 783 571 | 13 447 960 |
| Profit from spot transactions with foreign currencies | 1 864 623 | 1 391 383 |
| | **9 648 194** | **14 839 343** |

## 26 Realised gain on non-monetary gold and gold reserves transactions

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| **Revenue** | | |
| Gold reserves | 97 349 268 | 134 897 |
| Non-monetary gold | 456 327 | 206 003 |
| | **97 805 595** | **340 900** |
| **Cost of sales** | | |
| Gold reserves | (60 126 462) | (116 836) |
| Non-monetary gold | (356 181) | (190 954) |
| | **(60 482 643)** | **(307 790)** |
| | **37 322 952** | **33 110** |

During the reporting year, gold reserves were mainly realised to a foreign correspondent bank with credit rating A+ for foreign currency.

*(In thousands of soms)*

## 27 Other income and expenses

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| **Other income** | | |
| Income from investments in subsidiaries | 439 178 | 428 100 |
| Income from the sale of bullion and numismatic valuables | 73 393 | 28 397 |
| Other | 328 053 | 16 817 |
| | **840 624** | **473 314** |
| **Other expenses** | | |
| Cost of bullion and numismatic valuables sold | (69 266) | (27 300) |
| Other | (1 790) | (8 657) |
| | **(71 056)** | **(35 957)** |

As at 31 December 2024 other includes income from realisation of land plot in the amount of 214 956 thousand soms.

Income from investments in subsidiaries consists of dividends received from OJSC Guarantee Fund and CJSC Kyrgyz Cash Collection.

## 28 Administrative expenses

| | For the year ended 31 December 2024 | For the year ended 31 December 2023 |
|---|---|---|
| **Personnel expenses** | | |
| Salary | 1 326 176 | 1 108 304 |
| Payments to the Social fund | 228 049 | 190 134 |
| | **1 554 225** | **1 298 438** |
| **Other administrative expenses** | | |
| Depreciation and amortisation | 228 373 | 206 223 |
| Repair and maintenance | 152 761 | 132 809 |
| Security | 102 761 | 104 883 |
| Professional services | 46 018 | 28 555 |
| Communications and information services | 39 218 | 37 903 |
| Business trip expenses | 19 019 | 19 454 |
| Publication and subscription | 18 842 | 16 649 |
| Expenses for social events | 10 647 | 10 616 |
| Office supplies | 8 844 | 6 882 |
| Staff training | 7 508 | 12 948 |
| Other | 33 772 | 39 403 |
| **Total administrative expenses** | **2 221 988** | **1 914 763** |

# 29 Risk management

Risk management is fundamental to the National Bank's activities and is an essential element of the National Bank's operations. The major risks faced by the National Bank are those related to market risk, credit risk and liquidity risk.

## (a) Risk management policies and procedures

The National Bank's risk management policies aim to identify, analyse and manage the risks faced by the National Bank, 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 management of the National Bank has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Management Board of the National Bank, committees, commissions review regularly matters related to the monetary, investing and currency policies of the National Bank and set up limits on the scope of transactions, as well as requirements for the assessment of the National Bank's counterparties.

In accordance with Investment policy on International Reserve Management of the National Bank (the "Investment policy") approved by the Board on 18 December 2023, the main goals of risk management are safety and liquidity of the assets of the National Bank. Operations are conducted within the limitations imposed by this Investment policy.

In accordance with these goals, gold and foreign currency assets of the National Bank are separated into the following portfolios: working portfolio and investment portfolio.

## (b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks comprise 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 volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

The National Bank manages its market risk by conducting regular assessment of all open positions. In addition, the National Bank continuously monitors open position limits in relation to financial instruments, interest rate, maturity and balance of risks and profitability.

### *(i) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The National Bank 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.

*(In thousands of soms)*

## 29 Risk management (continued)

### Average interest rates

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

| | Weighted average effective interest rate, % 31 December 2024 | Weighted average effective interest rate, % 31 December 2023 |
|---|---|---|
| **Interest-bearing assets** | | |
| **Amounts due from banks and other financial institutions** | | |
| *Nostro accounts* | | |
| - USD | 4,25 | 5,30 |
| - EUR | 3,73 | 3,84 |
| - CAD | 3,03 | 4,82 |
| - GBP | 4,70 | 5,12 |
| - RUB | 6,00 | 6,00 |
| - CNY | 0,24 | 0,25 |
| - KRW | 0,10 | 0,10 |
| - CHF | 0,19 | 1,13 |
| - SDR | 3,16 | 4,10 |
| - AUD | 4,35 | 4,35 |
| - JPY | 0,00 | (0,22) |
| *Term deposits* | | |
| - USD | 4,80 | 5,65 |
| - EUR | 2,72 | – |
| - CAD | 3,35 | – |
| - GBP | 4,73 | 5,18 |
| - AUD | 4,38 | 4,50 |
| - SGD | 3,20 | 4,04 |
| - CNY | – | 2,46 |
| - JPY | 0,20 | – |
| **Investment securities at fair value through other comprehensive income** | | |
| - USD | 4,22 | 4,53 |
| - AUD | 4,40 | 4,61 |
| - CAD | 4,07 | 4,33 |
| - GBP | 4,63 | – |
| - CNY | 2,49 | 3,07 |
| **Investment securities at amortised cost** | | |
| - KGS | 13,47 | 13,49 |
| **Interest-bearing liabilities** | | |
| **Amounts due to banks and other financial institutions** | | |
| - KGS | 4,00 | 11,00 |
| **Debt securities issued** | | |
| - KGS | 3,42 | 13,37 |
| **Liabilities to the IMF in respect of SDR allocations** | 3,16 | 4,10 |

*(In thousands of soms)*

# 29 Risk management (continued)

## (b) Market risk (continued)

### *(i) Interest rate risk (continued)*

**Interest rate sensitivity analysis**

An analysis of sensitivity of profit or loss and equity as a result of changes in the fair value of financial assets measured at fair value through other comprehensive income due to changes in the interest rates based on positions existing as at 31 December 2024 and 2023 and a simplified scenario of a 100 basis points (bps) symmetrical fall or rise in all yield curves is as follows:

| | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|
| | Profit or loss | Comprehensive income and equity | Profit or loss | Comprehensive income and equity |
| 100 bps parallel rise | – | (373 491) | – | (359 467) |
| 100 bps parallel fall | – | 373 491 | – | 359 467 |

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analysis does not take into consideration that the National Bank's assets and liabilities are actively managed. Additionally, the financial position of the National Bank may vary at the time that any actual market movement occurs. For example, the National Bank's financial risk management policy aims to manage the exposure to market fluctuations. In case of sharp negative fluctuations, actions of the National Bank could include selling investment assets, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the separate statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in equity.

### *(ii) Currency risk*

The National Bank has assets and liabilities denominated in several foreign currencies.

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market foreign exchange rates. Despite the fact that the National Bank hedges its exposure to currency risk, such transactions do not qualify as hedging relationships in accordance with IFRS.

*(In thousands of soms)*

# 29 Risk management (continued)

## (b) Market risk (continued)

### *(ii) Currency risk (continued)*

The National Bank's exposure to foreign currency exchange rate risk by currencies as at 31 December 2024 is presented in the table below:

| | KGS | USD | EUR | CAD | AUD | SDR | GBP | CNY | RUB | Other currencies | Total 31 December 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | | | | |
| Cash on hand, amounts due from banks and other financial institutions | – | 69 747 569 | 3 559 998 | 5 720 128 | 620 325 | 18 239 935 | 4 024 583 | 8 947 438 | 1 264 950 | 1 664 455 | 113 789 381 |
| Investment securities at fair value through other comprehensive income | – | 20 247 713 | – | 3 705 617 | 663 942 | – | 563 235 | 25 563 835 | – | – | 50 744 342 |
| Investment securities at amortised cost | 20 309 452 | – | – | – | – | – | – | – | – | – | 20 309 452 |
| Other financial assets | 372 570 | – | – | – | – | – | – | – | – | – | 372 570 |
| **Total financial assets** | **20 682 022** | **89 995 282** | **3 559 998** | **9 425 745** | **1 284 267** | **18 239 935** | **4 587 818** | **34 511 273** | **1 264 950** | **1 664 455** | **185 215 745** |
| **Financial liabilities** | | | | | | | | | | | |
| Banknotes and coins in circulation | 240 424 733 | – | – | – | – | – | – | – | – | – | 240 424 733 |
| Amounts due to banks and other financial institutions | 124 474 107 | 3 845 400 | – | – | – | – | – | – | – | – | 128 319 507 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 41 773 714 | 45 467 | 15 999 | – | – | – | – | – | 259 515 | 34 265 | 42 128 960 |
| Debt securities issued | 1 107 378 | – | – | – | – | – | – | – | – | – | 1 107 378 |
| Liabilities to the IMF in respect of SDR allocations | – | – | – | – | – | 12 904 627 | – | – | – | – | 12 904 627 |
| Other financial liabilities | 301 212 | 18 795 | 724 | 121 | – | – | – | – | – | 331 | 321 183 |
| **Total financial liabilities** | **408 081 144** | **3 909 662** | **16 723** | **121** | **–** | **12 904 627** | **–** | **–** | **259 515** | **34 596** | **425 206 388** |
| **Net balance sheet position** | **(387 399 122)** | **86 085 620** | **3 543 275** | **9 425 624** | **1 284 267** | **5 335 308** | **4 587 818** | **34 511 273** | **1 005 435** | **1 629 859** | **(239 990 643)** |

(In thousands of soms)

## 29 Risk management (continued)

### (b) Market risk (continued)

### *(ii) Currency risk (continued)*

The National Bank's exposure to foreign currency exchange rate risk by currencies as at 31 December 2023 is presented in the table below:

| | KGS | USD | EUR | CAD | AUD | SDR | GBP | CNY | RUB | Other currencies | Total 31 December 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | | | | |
| Cash on hand, amounts due from banks and other financial institutions | – | 81 302 566 | 3 799 593 | 174 450 | 673 295 | 15 809 946 | 3 471 913 | 13 896 850 | 3 726 415 | 1 796 129 | 124 651 157 |
| Investment securities at fair value through other comprehensive income | – | 19 693 854 | – | 5 293 667 | 714 954 | – | – | 10 623 202 | – | – | 36 325 677 |
| Investment securities at amortised cost | 10 203 674 | – | – | – | – | – | – | – | – | – | 10 203 674 |
| Other financial assets | 360 453 | – | – | – | – | – | – | – | – | – | 360 453 |
| **Total financial assets** | **10 564 127** | **100 996 420** | **3 799 593** | **5 468 117** | **1 388 249** | **15 809 946** | **3 471 913** | **24 520 052** | **3 726 415** | **1 796 129** | **171 540 961** |
| **Financial liabilities** | | | | | | | | | | | |
| Banknotes and coins in circulation | 207 251 028 | – | – | – | – | – | – | – | – | – | 207 251 028 |
| Amounts due to banks and other financial institutions | 56 231 623 | 2 767 395 | – | – | – | – | – | – | – | – | 58 999 018 |
| Amounts due to the Cabinet Ministers of the Kyrgyz Republic | 42 179 078 | 187 791 | 64 396 | – | – | – | – | 143 014 | 32 315 | 30 384 | 42 636 978 |
| Debt securities issued | 54 281 514 | – | – | – | – | – | – | – | – | – | 54 281 514 |
| Liabilities to the IMF in respect of SDR allocations | – | – | – | – | – | 10 204 524 | – | – | – | – | 10 204 524 |
| Other financial liabilities | 240 575 | 3 233 | 394 | 135 | – | – | – | – | – | 524 | 244 861 |
| **Total financial liabilities** | **360 183 818** | **2 958 419** | **64 790** | **135** | **–** | **10 204 524** | **–** | **143 014** | **32 315** | **30 908** | **373 617 923** |
| **Net balance sheet position** | **(349 619 691)** | **98 038 001** | **3 734 803** | **5 467 982** | **1 388 249** | **5 605 422** | **3 471 913** | **24 377 038** | **3 694 100** | **1 765 221** | **(202 076 962)** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (b) Market risk (continued)

### *(ii) Currency risk (continued)*

Depreciation of KGS, as indicated in the table below, against following currencies as of 31 December 2024 and 2023 would have given a rise to the below increase (decrease) of equity and other comprehensive income. This analysis is based on foreign currency exchange rate variances that the National Bank considered to be reasonably possible at the end of the reporting period. The given level of sensitivity is used within the National Bank for preparation of report on currency risk for the key management of the National Bank. The analysis assumes that all other variables, in particular interest rates, remain constant.

| | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|
| | **Profit or loss** | **Other comprehensive income and equity** | **Profit or loss** | **Other comprehensive income and equity** |
| 10% appreciation of USD against KGS | – | 8 608 562 | – | 9 803 800 |
| 10% appreciation of CNY against KGS | – | 3 451 127 | – | 2 437 704 |
| 10% appreciation of CAD against KGS | – | 942 562 | – | 546 798 |
| 10% appreciation of EUR against KGS | – | 354 327 | – | 373 481 |
| 10% appreciation of RUB against KGS | – | 100 543 | – | 369 410 |
| 10% appreciation of GBP against KGS | – | 458 781 | – | 347 192 |
| 10% appreciation of AUD against KGS | – | 128 426 | – | 138 825 |
| 10% appreciation of other currencies against KGS | – | 162 985 | – | 176 522 |

Appreciation of the KGS against the above currencies at of 31 December 2024 and 2023 would have had the opposite effect on the basis that all other variables remain constant.

**Limitations of sensitivity analysis**

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

### *(iii) Other price risks*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Other price risk arises when the National Bank takes a long or short position in a financial instrument.

*(In thousands of soms)*

# 29 Risk management (continued)

## (b) Market risk (continued)

### *(iii) Other price risks (continued)*

As at 31 December 2024 the National Bank was exposed to price risk of monetary gold. As at 31 December 2024 monetary gold is represented by physical gold in storage and gold in accounts. Although gold is not considered to be a financial asset under IFRS, the bank is exposed to price changes in physical gold due to the fact that its accounting policy is to measure monetary gold at fair value.

An increase or decrease in prices in KGS equivalent of monetary gold, as indicated below, at 31 December 2024 and 2023 would have increased or decreased equity and other comprehensive income by the amounts shown below. This analysis is based on gold price movements that the National Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant.

| | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|
| | Profit or loss | Comprehensive income and equity | Profit or loss | Comprehensive income and equity |
| 10% appreciation of monetary gold prices in KGS equivalent | – | 27 826 123 | – | 12 741 362 |
| 10% depreciation of monetary gold prices in KGS equivalent | – | (27 826 123) | – | (12 741 362) |

## (c) Credit risk

Credit risk is the risk of financial losses occurring as a result of default by a borrower or counterparty of the National Bank. The National Bank has developed policies and procedures for credit risk management, including guidelines to limit portfolio concentration. There is an Investment Committee, which is responsible for the monitoring of credit risk on management of international reserves.

In order to minimise the credit risk, the National Bank uses risk management policy, which sets out requirements for the counterparty of the National Bank. According to this policy, only central banks, financial institutions or commercial banks with a high rating in accordance with the standards of Moody's Investors Service and/or a similar level of rating in accordance with the standards of other world leading rating agencies (Standard & Poor's Corporation, Fitch IBCA) can be counterparties of the National Bank.

Financial assets are graded according to the current credit rating they have been issued by internationally regarded agencies such as Moody’s, Fitch and etc. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have BBB ratings of according to classification of Fitch are classed as speculative grade. Taking into consideration the National Bank’s status as a central bank the counterparties are divided into two categories:

**Category A:**

- Central banks of advanced developed industrial countries with stable economic and political situation and sovereign rating not less than A- per Fitch classification;
- International financial institutions, institutions and banks, such as IMF, BIS, EBRD, ADB, KfW, etc.
- Foreign commercial banks with rating not less than A- per Fitch classification.

*(In thousands of soms)*

# 29 Risk management (continued)

## (c) Credit risk (continued)

**Category B:**

- Central banks of countries with sovereign rating less than A- per Fitch classification;
- Financial institutions indicated in international agreements signed by the Kyrgyz Republic;
- Foreign commercial banks with rating less than A- but not less than BBB per Fitch classification.

Decisions on investment deals with the counterparties of the Category A, i.e. limitations on certain counterparties, investment instruments and amount of deals are established based on power of the Investment Committee of the National Bank. Decisions on investment deals with each counterparty of Category B are approved by the Management Board of the National Bank upon submission by the Investment Committee of the National Bank.

One of the criteria for control of credit risk is the maximum exposure to credit risk per one counterparty, as well as the geographical segments.

The National Bank's maximum exposure to credit risk per one counterparty varies significantly and is dependent on both individual risks and general market economy risks. The National Bank's maximum exposure to credit risk is generally reflected in the gross carrying amounts of financial assets in the separate statement of financial position. Netting of assets and liabilities is not significant for mitigating the potential credit exposure.

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

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Financial assets** | | |
| Gold in deposits with foreign banks | 97 597 705 | 13 511 707 |
| Cash on hand, amounts due from banks and other financial institutions* | 93 513 753 | 103 842 950 |
| Loans to banks and international organisations | 155 605 | 159 335 |
| Investment securities at fair value through other comprehensive income | 50 744 342 | 36 325 677 |
| Investment securities at amortised cost | 20 727 476 | 10 415 925 |
| Other financial assets | 393 508 | 416 349 |
| **Total maximum exposure** | **263 132 389** | **164 671 943** |

* Amount does not include cash balances on hand in foreign currencies.

*(In thousands of soms)*

# 29 Risk management (continued)

## (c) Credit risk (continued)

### Internal credit risk ratings

To minimise credit risk, the National Bank has developed a credit rating system for categorising risks depending on the degree of default risk. Credit rating information is based on a set of data that is defined as forward-looking data with respect to default risk and uses expert judgment regarding credit risk. The analysis takes into account the nature of risk and type of a borrower. Credit ratings are determined using qualitative and quantitative factors that indicate the risk of default. The credit rating system of the National Bank includes three categories.

| Internal credit ratings | Description |
|---|---|
| 1 | Low or moderate risk |
| 2 | Watch |
| 3 | Impaired |

The analysis of credit risk for each class of financial assets, taking into account the internal credit rating and stage in accordance with IFRS 9, without taking into account the effect of collateral and other mechanisms to improve the quality of a loan, is presented in the tables below. Unless otherwise indicated, the amounts presented in the tables for financial assets represent their gross carrying amount. Movement in the allowance for expected credit losses is disclosed in Note 24.

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | |
| | 12-month credit losses | Lifetime credit losses | Lifetime credit losses | Total |
| **Cash on hand, amounts due from banks and other financial institutions** | | | | |
| Credit rating 1: Low or moderate risk | 92 031 970 | – | – | 92 031 970 |
| Credit rating 2: Watch | – | 1 481 782 | – | 1 481 782 |
| **Total gross carrying amount** | **92 031 970** | **1 481 782** | **–** | **93 513 752** |
| Allowance for expected credit losses | (4 163) | (205 191) | – | (209 354) |
| **Carrying amount** | **92 027 807** | **1 276 591** | **–** | **93 304 398** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (c) Credit risk (continued)

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | |
| | 12-month credit losses | Lifetime credit losses | Lifetime credit losses | Total |
| **Loans to banks and international organisations** | | | | |
| Credit rating 3: | | | | |
| Impaired | – | – | 155 605 | 155 605 |
| **Total gross carrying amount** | **–** | **–** | **155 605** | **155 605** |
| Allowance for expected credit losses | – | – | (155 605) | (155 605) |
| **Carrying amount** | **–** | **–** | **–** | **–** |

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | |
| | 12-month credit losses | Lifetime credit losses | Lifetime credit losses | Total |
| **Investment securities at fair value through other comprehensive income** | | | | |
| Credit rating 1: | | | | |
| Low or moderate risk | 50 744 342 | – | – | 50 744 342 |
| **Total carrying amount** | **50 744 342** | **–** | **–** | **50 744 342** |

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | |
| | 12-month credit losses | Lifetime credit losses | Lifetime credit losses | Total |
| **Investment securities at amortised cost** | | | | |
| Credit rating 1: | | | | |
| Low or moderate risk | 20 727 476 | – | – | 20 727 476 |
| **Total gross carrying amount** | **20 727 476** | **–** | **–** | **20 727 476** |
| Allowance for expected credit losses | (418 024) | – | – | (418 024) |
| **Carrying amount** | **20 309 452** | **–** | **–** | **20 309 452** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (c) Credit risk (continued)

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | |
| | 12-month credit losses | Lifetime credit losses | Lifetime credit losses | Total |
| **Other financial assets** | | | | |
| Credit rating 1: | | | | |
| Low or moderate risk | 331 391 | – | – | 331 391 |
| Credit rating 2: | | | | |
| Watch | – | 46 043 | – | 46 043 |
| Credit rating 3: | | | | |
| Impaired | – | – | 16 074 | 16 074 |
| **Total gross carrying amount** | **331 391** | **46 043** | **16 074** | **393 508** |
| Allowance for expected credit losses | (4 245) | (619) | (16 074) | (20 938) |
| **Carrying amount** | **327 146** | **45 424** | **–** | **372 570** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | |
| | 12-month credit losses | Lifetime credit losses | Lifetime credit losses | Total |
| **Cash on hand, amounts due from banks and other financial institutions** | | | | |
| Credit rating 1: | | | | |
| Low or moderate risk | 99 906 519 | – | – | 99 906 519 |
| Credit rating 2: | | | | |
| Watch | – | 3 936 431 | – | 3 936 431 |
| **Total gross carrying amount** | **99 906 519** | **3 936 431** | **–** | **103 842 950** |
| Allowance for expected credit losses | (3 738) | (166 931) | – | (170 669) |
| **Carrying amount** | **99 902 781** | **3 769 500** | **–** | **103 672 281** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (c) Credit risk (continued)

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | **Stage1** | **Stage2** | **Stage3** | |
| | **12-month credit losses** | **Lifetime credit losses** | **Lifetime credit losses** | **Total** |
| **Loans to banks and international organisations** | | | | |
| Credit rating 3: impaired | – | – | 159 335 | 159 335 |
| **Total gross carrying amount** | **–** | **–** | **159 335** | **159 335** |
| Allowance for expected credit losses | – | – | (159 335) | (159 335) |
| **Carrying amount** | **–** | **–** | **–** | **–** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | **Stage1** | **Stage2** | **Stage3** | |
| | **12-month credit losses** | **Lifetime credit losses** | **Lifetime credit losses** | **Total** |
| **Investment securities at fair value through other comprehensive income** | | | | |
| Credit rating 1: Low or moderate risk | 36 325 677 | – | – | 36 325 677 |
| **Total carrying amount** | **36 325 677** | **–** | **–** | **36 325 677** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (c) Credit risk (continued)

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage1<br>12-month credit losses | Stage2<br>Lifetime credit losses | Stage3<br>Lifetime credit losses | Total |
| **Investment securities at amortised cost** | | | | |
| Credit rating 1:<br>Low or moderate risk | 10 415 925 | – | – | 10 415 925 |
| **Total gross carrying amount** | **10 415 925** | **–** | **–** | **10 415 925** |
| Allowance for expected credit losses | (212 251) | – | – | (212 251) |
| **Carrying amount** | **10 203 674** | **–** | **–** | **10 203 674** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage1<br>12-month credit losses | Stage2<br>Lifetime credit losses | Stage3<br>Lifetime credit losses | Total |
| **Other financial assets** | | | | |
| Credit rating 1:<br>Low or moderate risk | 314 046 | – | – | 314 046 |
| Credit rating 2:<br>Watch | – | 52 620 | – | 52 620 |
| Credit rating 3:<br>Impaired | – | – | 49 683 | 49 683 |
| **Total gross carrying amount** | **314 046** | **52 620** | **49 683** | **416 349** |
| Allowance for expected credit losses | (5 280) | (933) | (49 683) | (55 896) |
| **Carrying amount** | **308 766** | **51 687** | **–** | **360 453** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (c) Credit risk (continued)

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 ECL allowance during 2024, by classes of assets:

| | 2024 | | | |
|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | |
| | 12-month credit losses | Lifetime credit losses | Lifetime credit losses | Total |
| **Loans to banks and international organisations** | | | | |
| **Gross carrying amount as at 1 January 2024** | **–** | **–** | **159 335** | **159 335** |
| Changes in gross carrying amount | | | | |
| Financial assets derecognised, except for write-offs | – | – | – | – |
| Change in currency rates and other changes | – | – | (3 730) | (3 730) |
| **Gross carrying amount as at 31 December 2024** | **–** | **–** | **155 605** | **155 605** |
| **Allowance for expected credit losses as at 31 December 2024** | **–** | **–** | **(155 605)** | **(155 605)** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (c) Credit risk (continued)

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage1** | **Stage2** | **Stage3** | |
| | **12-month credit losses** | **Lifetime credit losses** | **Lifetime credit losses** | **Total** |
| **Investment securities at fair value through other comprehensive income** | | | | |
| **Gross carrying amount as at 1 January 2024** | **36 325 677** | **–** | **–** | **36 325 677** |
| Changes in gross carrying amount | | | | |
| Financial assets originated or purchased | 104 428 324 | – | – | 104 428 324 |
| Financial assets derecognised, except for write-offs | (88 098 518) | – | – | (88 098 518) |
| Change in currency rates and other changes | (1 911 141) | – | – | (1 911 141) |
| **Gross carrying amount as at 31 December 2024** | **50 744 342** | **–** | **–** | **50 744 342** |

| | 2024 | | | |
|---|---|---|---|---|
| | **Stage1** | **Stage2** | **Stage3** | |
| | **12-month credit losses** | **Lifetime credit losses** | **Lifetime credit losses** | **Total** |
| **Investment securities at amortised cost** | | | | |
| **Gross carrying amount as at 1 January 2024** | **10 415 925** | **–** | **–** | **10 415 925** |
| Changes in gross carrying amount | | | | |
| Financial assets originated or purchased | 9 998 520 | – | – | 9 998 520 |
| Change in currency rates and other changes | 313 031 | – | – | 313 031 |
| **Gross carrying amount as at 31 December 2024** | **20 727 476** | **–** | **–** | **20 727 476** |
| **Allowance for expected credit losses as at 31 December 2024** | **(418 024)** | **–** | **–** | **(418 024)** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (c) Credit risk (continued)

| | 2024 | | | |
|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | |
| | 12-month credit losses | Lifetime credit losses | Lifetime credit losses | Total |
| **Other financial assets** | | | | |
| **Gross carrying amount as at 1 January 2024** | **314 046** | **52 620** | **49 683** | **416 349** |
| Changes in gross carrying amount | | | | |
| Transfer to Stage 1 | 283 | (283) | – | – |
| Transfer to Stage 2 | (15 620) | 15 620 | – | – |
| Transfer to Stage 3 | – | – | – | – |
| Financial assets originated or purchased | 110 618 | – | 932 | 111 550 |
| Financial assets derecognised, except for write-offs | (78 784) | (22 809) | (34 491) | (136 084) |
| Change in currency rates and other changes | 848 | 895 | (50) | 1 693 |
| **Gross carrying amount as at 31 December 2024** | **331 391** | **46 043** | **16 074** | **393 508** |
| **Allowance for expected credit losses as at 31 December 2024** | **(4 245)** | **(619)** | **(16 074)** | **(20 938)** |

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 ECL allowance during 2023, by classes of assets:

| | 2023 | | | |
|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | |
| | 12-month credit losses | Lifetime credit losses | Lifetime credit losses | Total |
| **Loans to banks and international organisations** | | | | |
| **Gross carrying amount as at 1 January 2023** | **2 526 768** | **–** | **153 244** | **2 680 012** |
| Changes in gross carrying amount | | | | |
| Financial assets derecognised, except for write-offs | (2 526 768) | – | – | (2 526 768) |
| Change in currency rates and other changes | – | – | 6 091 | 6 091 |
| **Gross carrying amount as at 31 December 2023** | **–** | **–** | **159 335** | **159 335** |
| **Allowance for expected credit losses as at 31 December 2023** | **–** | **–** | **(159 335)** | **(159 335)** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (c) Credit risk (continued)

| | 2023 | | | |
|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | |
| | 12-month credit losses | Lifetime credit losses | Lifetime credit losses | Total |
| **Investment securities at fair value through other comprehensive income** | | | | |
| **Gross carrying amount as at 1 January 2023** | **38 367 938** | **–** | **–** | **38 367 938** |
| Changes in gross carrying amount | | | | |
| Financial assets originated or purchased | 84 483 273 | – | – | 84 483 273 |
| Financial assets derecognised, except for write-offs | (87 739 374) | – | – | (87 739 374) |
| Change in currency rates and other changes | 1 213 840 | – | – | 1 213 840 |
| **Gross carrying amount as at 31 December 2023** | **36 325 677** | **–** | **–** | **36 325 677** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | |
| | 12-month credit losses | Lifetime credit losses | Lifetime credit losses | Total |
| **Investment securities at amortised cost** | | | | |
| **Gross carrying amount as at 1 January 2023** | **5 104 038** | **–** | **–** | **5 104 038** |
| Changes in gross carrying amount | | | | |
| Financial assets originated or purchased | 5 102 159 | – | – | 5 102 159 |
| Change in currency rates and other changes | 209 728 | – | – | 209 728 |
| **Gross carrying amount as at 31 December 2023** | **10 415 925** | **–** | **–** | **10 415 925** |
| **Allowance for expected credit losses as at 31 December 2023** | **(212 251)** | **–** | **–** | **(212 251)** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (c) Credit risk (continued)

| | 2023 | | | |
|---|---|---|---|---|
| | **Stage1** | **Stage2** | **Stage3** | |
| | **12-month credit losses** | **Lifetime credit losses** | **Lifetime credit losses** | **Total** |
| **Other financial assets** | | | | |
| **Gross carrying amount as at 1 January 2023** | **342 110** | **103 012** | **45 141** | **490 263** |
| Changes in gross carrying amount | | | | |
| Transfer to Stage 2 | (8 201) | 8 201 | – | – |
| Transfer to Stage 3 | – | (1 755) | 1 755 | – |
| Financial assets originated or purchased | 38 982 | – | 4 597 | 43 579 |
| Financial assets derecognised, except for write-offs | (95 639) | (21 922) | (1 755) | (119 316) |
| Change in currency rates and other changes | 36 794 | (34 916) | (55) | 1 823 |
| **Gross carrying amount as at 31 December 2023** | **314 046** | **52 620** | **49 683** | **416 349** |
| **Allowance for expected credit losses as at 31 December 2023** | **(5 280)** | **(933)** | **(49 683)** | **(55 896)** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (d) Geographical concentration

The Investment Committee of the National Bank steadily monitors the country risk of its counterparties. This approach is aimed at minimising potential losses from investment climate changes in those countries where the National Bank's currency reserves are placed.

The following table shows the geographical concentration of assets and liabilities at 31 December 2024:

| | Kyrgyz Republic | OECD countries | Non-OECD countries | International financial institutions | Total 31 December 2024 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash on hand, amounts due from banks and other financial institutions | 20 484 983 | 31 629 333 | 26 341 280 | 35 333 785 | 113 789 381 |
| Investment securities at fair value through other comprehensive income | – | 5 353 847 | 38 504 361 | 6 886 134 | 50 744 342 |
| Investment securities at amortised cost | 20 309 452 | – | – | – | 20 309 452 |
| Other financial assets | 372 570 | – | – | – | 372 570 |
| **Total financial assets** | **41 167 005** | **36 983 180** | **64 845 641** | **42 219 919** | **185 215 745** |
| **Financial liabilities** | | | | | |
| Banknotes and coins in circulation | 240 424 733 | – | – | – | 240 424 733 |
| Amounts due to banks and other financial institutions | 127 678 584 | – | 579 000 | 61 923 | 128 319 507 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 128 960 | – | – | – | 42 128 960 |
| Debt securities issued | 1 107 378 | – | – | – | 1 107 378 |
| Liabilities to the IMF in respect of SDR allocations | – | – | – | 12 904 627 | 12 904 627 |
| Other financial liabilities | 299 838 | 21 103 | 242 | – | 321 183 |
| **Total financial liabilities** | **411 639 493** | **21 103** | **579 242** | **12 966 550** | **425 206 388** |
| **Net balance sheet position** | **(370 472 488)** | **36 962 077** | **64 266 399** | **29 253 369** | **(239 990 643)** |

*(In thousands of soms)*

# 29 Risk management (continued)

## (d) Geographical concentration (continued)

The following table shows the geographical concentration of assets and liabilities at 31 December 2023:

| | Kyrgyz Republic | OECD countries | Non-OECD countries | International financial institutions | Total 31 December 2023 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash on hand, amounts due from banks and other financial institutions | 20 978 876 | 38 421 573 | 20 939 520 | 44 311 188 | 124 651 157 |
| Investment securities at fair value through other comprehensive income | – | 2 637 758 | – | 33 687 919 | 36 325 677 |
| Investment securities at amortised cost | 10 203 674 | – | – | – | 10 203 674 |
| Other financial assets | 360 453 | – | – | – | 360 453 |
| **Total financial assets** | **31 543 003** | **41 059 331** | **20 939 520** | **77 999 107** | **171 540 961** |
| **Financial liabilities** | | | | | |
| Banknotes and coins in circulation | 207 251 028 | – | – | – | 207 251 028 |
| Amounts due to banks and other financial institutions | 57 837 754 | – | 1 066 515 | 94 749 | 58 999 018 |
| Amounts due to the Government of the Kyrgyz Republic | 42 636 978 | – | – | – | 42 636 978 |
| Debt securities issued | 54 281 514 | – | – | – | 54 281 514 |
| Liabilities to the IMF in respect of SDR allocations | – | – | – | 10 204 524 | 10 204 524 |
| Other financial liabilities | 236 769 | 7 844 | 248 | – | 244 861 |
| **Total financial liabilities** | **362 244 043** | **7 844** | **1 066 763** | **10 299 273** | **373 617 923** |
| **Net balance sheet position** | **(330 701 040)** | **41 051 487** | **19 872 757** | **67 699 834** | **(202 076 962)** |

# 29 Risk management (continued)

## (e) Liquidity risk

Liquidity risk is the risk that the National Bank will encounter difficulty in meeting the obligations associated with its financial liabilities. Liquidity risk exists when maturities of assets and liabilities denominated in foreign currency do not match. The matching and/or controlled mismatching of maturities of assets and liabilities is fundamental to the risk management of financial institutions, including the National Bank. It is not a common practice for financial institutions to completely match maturity of assets and liabilities due to the diversity of operations and associated uncertainty.

The National Bank 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. Liquidity management policy of the National Bank is reviewed and approved by the Management Board of the National Bank.

The National Bank seeks to actively support a diversified and stable funding base in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

Since the National Bank is the emission bank (the National Bank carries out the issue of national currency – the Kyrgyz som), the default risk on fulfilment its obligations in national currency is minimal, and liquidity risk is more applicable for financial liabilities of the National Bank denominated in foreign currency.

Liquidity management of assets and liabilities in foreign currency of the National Bank includes:

- projecting cash flows by foreign currencies and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- maintaining a portfolio of highly marketable assets that can easily be sold as protection against any interruption to cash flow;
- maintaining liquidity and funding contingency plans;
- monitoring balance sheet liquidity ratios of the National Bank against regulatory requirements.

*(In thousands of soms)*

# 29 Risk management (continued)

## (e) Liquidity risks (continued)

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

| | On demand and less than 1 month | From 1 to 3 months | From 3 to 6 months | From 6 to 12 months | More than 1 year | Total cash outflow of financial liabilities | Carrying amount 31 December 2024 |
|---|---|---|---|---|---|---|---|
| Due to banks and other financial institutions | 128 319 507 | – | – | – | – | 128 319 507 | 128 319 507 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 128 960 | – | – | – | – | 42 128 960 | 42 128 960 |
| Debt securities issued | 1 107 480 | – | – | – | – | 1 107 480 | 1 107 378 |
| Liabilities to the IMF in respect of SDR allocations | 12 833 059 | 71 568 | – | – | – | 12 904 627 | 12 904 627 |
| Other financial liabilities | 178 057 | 367 | 9 238 | 125 726 | 7 795 | 321 183 | 321 183 |
| | **184 567 063** | **71 935** | **9 238** | **125 726** | **7 795** | **184 781 757** | **184 781 655** |

The tables above show cash outflows of financial liabilities that are not equal to carrying amounts of those liabilities in current separate financial statements because these amounts include remaining interest payable, which is not yet recognised using the effective interest rate method.

*(In thousands of soms)*

## 29 Risk management (continued)

### (e) Liquidity risks (continued)

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

| | On demand and less than 1 month | From 1 to 3 months | From 3 to 6 months | From 6 to 12 months | More than 1 year | Total cash outflow of financial liabilities | Carrying amount 31 December 2023 |
|---|---|---|---|---|---|---|---|
| Due to banks and other financial institutions | 58 999 018 | – | – | – | – | 58 999 018 | 58 999 018 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 636 978 | – | – | – | – | 42 636 978 | 42 636 978 |
| Debt securities issued | 46 465 540 | 6 321 310 | 2 012 200 | – | – | 54 799 050 | 54 281 514 |
| Liabilities to the IMF in respect of SDR allocations | 10 131 147 | 73 377 | – | – | – | 10 204 524 | 10 204 524 |
| Other financial liabilities | 131 150 | 70 | 12 749 | 94 802 | 6 090 | 244 861 | 244 861 |
| | **158 363 833** | **6 394 757** | **2 024 949** | **94 802** | **6 090** | **166 884 431** | **166 366 895** |

The tables above show cash outflows of financial liabilities that are not equal to carrying amounts of those liabilities in current separate financial statements because these amounts include remaining interest payable, which is not yet recognised using the effective interest rate method.

(In thousands of soms)

## 29 Risk management (continued)

### (e) Liquidity risks (continued)

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

| | On 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 | Without maturity | Total 31 December 2024 |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash on hand, amounts due from banks and other financial institutions | 97 082 278 | 16 707 103 | – | – | – | – | 113 789 381 |
| Investment securities at fair value through other comprehensive income | 9 475 835 | 16 718 331 | 19 761 220 | 938 567 | 3 850 389 | – | 50 744 342 |
| Investment securities at amortised cost | – | 558 466 | 552 121 | 4 903 060 | 14 295 805 | – | 20 309 452 |
| Other financial assets | 18 269 | 10 667 | 28 688 | 168 834 | 146 112 | – | 372 570 |
| | **106 576 382** | **33 994 567** | **20 342 029** | **6 010 461** | **18 292 306** | – | **185 215 745** |
| **Financial liabilities** | | | | | | | |
| Banknotes and coins in circulation | – | – | – | – | – | 240 424 733 | 240 424 733 |
| Amounts due to banks and other financial institutions | 128 319 507 | – | – | – | – | – | 128 319 507 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 128 960 | – | – | – | – | – | 42 128 960 |
| Debt securities issued | 1 107 378 | – | – | – | – | – | 1 107 378 |
| Liabilities to the IMF in respect of SDR allocations | 12 833 059 | 71 568 | – | – | – | – | 12 904 627 |
| Other financial liabilities | 178 057 | 367 | 134 964 | 7 537 | 258 | – | 321 183 |
| | **184 566 961** | **71 935** | **134 964** | **7 537** | **258** | **240 424 733** | **425 206 388** |
| **Net position** | **(77 990 579)** | **33 922 632** | **20 207 065** | **6 002 924** | **18 292 048** | **(240 424 733)** | **(239 990 643)** |

*(In thousands of soms)*

## 29 Risk management (continued)

### (e) Liquidity risks (continued)

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

| | On 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 | Without maturity | Total 31 December 2023 |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash on hand, amounts due from banks and other financial institutions | 114 705 203 | 9 945 954 | – | – | – | – | 124 651 157 |
| Investment securities at fair value through other comprehensive income | 10 506 371 | 10 042 789 | 7 284 146 | 6 260 230 | 2 232 141 | – | 36 325 677 |
| Investment securities at amortised cost | – | 193 149 | 22 270 | 2 494 838 | 7 493 417 | – | 10 203 674 |
| Other financial assets | 19 918 | 6 144 | 29 105 | 170 527 | 134 759 | – | 360 453 |
| | **125 231 492** | **20 188 036** | **7 335 521** | **8 925 595** | **9 860 317** | **–** | **171 540 961** |
| **Financial liabilities** | | | | | | | |
| Banknotes and coins in circulation | – | – | – | – | – | 207 251 028 | 207 251 028 |
| Amounts due to banks and other financial institutions | 58 999 018 | – | – | – | – | – | 58 999 018 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 636 978 | – | – | – | – | – | 42 636 978 |
| Debt securities issued | 46 207 702 | 6 174 772 | 1 899 040 | – | – | – | 54 281 514 |
| Liabilities to the IMF in respect of SDR allocations | 10 131 147 | 73 377 | – | – | – | – | 10 204 524 |
| Other financial liabilities | 131 150 | 70 | 107 551 | 5 832 | 258 | – | 244 861 |
| | **158 105 995** | **6 248 219** | **2 006 591** | **5 832** | **258** | **207 251 028** | **373 617 923** |
| **Net balance sheet position** | **(32 874 503)** | **13 939 817** | **5 328 930** | **8 919 763** | **9 860 059** | **(207 251 028)** | **(202 076 962)** |

## 30 Contingent liabilities

### (a) Insurance

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

### (b) Litigation

In the ordinary course of business, the National Bank is subject to legal actions and complaints. Management of the National Bank believes that the ultimate liability, if any, arising from such actions or complaints, will not have a significant impact on the National Bank’s financial position and operating results.

### (c) Taxation contingencies

The taxation system in the Kyrgyz Republic is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities who have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities for three subsequent calendar years. However, under certain circumstances a tax year may remain open within six calendar years.

Taking into consideration that the National Bank has exemption from income tax and some other taxes, tax liabilities origination is not obvious and their influence on the separate financial statements of the National Bank is not significant.



## 31 Agency functions

**Membership quota of the Kyrgyz Republic in the International Monetary Fund**

In 1992 the Kyrgyz Republic joined the International Monetary Fund (the “IMF”). A membership quota expressed in Special Drawing Rights (“SDRs”) is assigned to each member of the IMF. The membership quota is the basis for determining access of the country to the IMF financing. As at 31 December 2024 and 2023, the quota of the Kyrgyz Republic amounted to 177 600 thousand SDR.

To secure a part of the membership quota, the Ministry of Finance of the Kyrgyz Republic issued securities to the IMF. The other part was secured by funds placed on the IMF current account with the National Bank.

The National Bank was designated as a depository for these securities and funds and as a financial agency authorised to carry out transactions with the IMF on behalf of the Kyrgyz Republic. Accordingly, the following assets and liabilities are not assets and liabilities of the National Bank and were not included in the National Bank’s separate financial statements:

*(In thousands of soms)*

## 31 Agency functions (continued)

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **IMF membership quota** | **20 150 448** | **21 186 036** |
| Securities issued to the IMF | (20 044 808) | (21 095 953) |
| The IMF current accounts | (69 861) | (56 778) |
| | **(20 114 669)** | **(21 152 731)** |

## 32 Related party transactions

### (a) Control relationship

In considering each possible related party relationship, attention is paid to the substance of the relationship rather than only their legal status.

In accordance with the constitutional Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic" the National Bank is the central bank of the Kyrgyz Republic and is owned by the Kyrgyz Republic. The National Bank has the authority to independently run its own operations under powers given by the Law.

### (b) Transactions with the members of the Management Board

Total remuneration received by the members of the National Bank's Management Board for the years ended 31 December 2024 and 2023 was 80 004 thousand soms and 84 355 thousand soms, respectively. The remuneration consists of salary and other payments. The outstanding balances of loans issued to members of the Management Board as at 31 December 2024 and 2023 were 8 449 thousand soms and 6 313 thousand soms, respectively. The loans are KGS-denominated and repayable by 2034. Interest income for the years ended 31 December 2024 and 2023 was 107 thousand soms and 100 thousand soms, respectively.

### (c) Transactions with other related parties

During 2024, the following related party transactions were entered into that are not separately disclosed in these separate financial statements:

| | Subsidiaries | Average interest rate, % | Associate | Total 31 December 2024 |
|---|---|---|---|---|
| **Separate statement of financial position** | | | | |
| Investments in subsidiaries and an associate | 6 770 000 | – | 867 143 | 7 637 143 |
| Debt securities issued | 360 196 | 3,45 | – | 360 196 |

*(In thousands of soms)*

# 32 Related party transactions (continued)

## (c) Transactions with other related parties (continued)

During 2023, the following related party transactions were entered into that are not separately disclosed in these separate financial statements:

| | Subsidiaries | Average interest rate, % | Associate | Total 31 December 2023 |
|---|---|---|---|---|
| **Separate statement of financial position** | | | | |
| Investments in subsidiaries and an associate | 6 770 000 | – | 676 676 | 7 446 676 |
| Non-current assets held for sale | 7 126 432 | – | – | 7 126 432 |
| Other assets | 662 | – | – | 662 |
| Amounts due to banks and other financial institutions | 1 786 272 | 11,00 | – | 1 786 272 |
| Debt securities issued | 1 151 986 | 14,64 | – | 1 151 986 |

The relevant gains and losses on transactions with other related parties for the year ended 31 December 2024 were as follows:

| | Subsidiaries | Associate | Total For the year ended 31 December 2024 |
|---|---|---|---|
| **Separate statement of profit or loss** | | | |
| Share of profit of associate | – | 251 142 | 251 142 |
| Other income | 439 527 | 1 176 | 440 703 |
| Interest expense | (49 289) | – | (49 289) |
| Banknotes and coins production expenses | (3 707) | – | (3 707) |
| Other expenses | – | (513) | (513) |

*(In thousands of soms)*

## 32 Related party transactions (continued)

### (c) Transactions with other related parties, continued

The relevant gains and losses on transactions with other related parties for the year ended 31 December 2023 were as follows:

| | Subsidiaries | Associate | Total For the year ended 31 December 2023 |
|---|---|---|---|
| **Separate statement of profit or loss** | | | |
| Share of profit of associate | – | 273 115 | 273 115 |
| Fee and commission income | 3 806 | – | 3 806 |
| Other income | 428 448 | 1 068 | 429 516 |
| Recovery of impairment loss of investment in a subsidiary | 2 541 376 | – | 2 541 376 |
| Interest expense | (79 891) | – | (79 891) |
| Banknotes and coins production expenses | (5 332) | – | (5 332) |
| Other expenses | – | (481) | (481) |

*(In thousands of soms)*

## 33 Financial assets and financial liabilities: accounting classifications and fair value

### (a) Accounting classifications and fair value

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

| | Measured at amortised cost | Measured at fair value through other comprehensive income | Total carrying amount 31 December 2024 | Fair value 31 December 2024 |
|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 50 074 066 | 63 715 315 | 113 789 381 | 113 789 381 |
| Investment securities at fair value through other comprehensive income | – | 50 744 342 | 50 744 342 | 50 744 342 |
| Investment securities at amortised cost | 20 309 452 | – | 20 309 452 | 20 309 452 |
| Other financial assets | 372 570 | – | 372 570 | 372 570 |
| | **70 756 088** | **114 459 657** | **185 215 746** | **185 215 745** |
| | | | | |
| Banknotes and coins in circulation | 240 424 733 | – | 240 424 733 | 240 424 733 |
| Amounts due to banks and other financial institutions | 128 319 507 | – | 128 319 507 | 128 319 507 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 128 960 | – | 42 128 960 | 42 128 960 |
| Debt securities issued | 1 107 378 | – | 1 107 378 | 1 107 378 |
| Liabilities to the IMF in respect of SDR allocations | 12 904 627 | – | 12 904 627 | 12 904 627 |
| Other financial liabilities | 321 183 | – | 321 183 | 321 183 |
| | **425 206 388** | **–** | **425 206 388** | **425 206 388** |

*(In thousands of soms)*

# 33 Financial assets and financial liabilities: accounting classifications and fair value (continued)

## (a) Accounting classifications and fair value (continued)

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

| | **Measured at amortised cost** | **Measured at fair value through other comprehensive income** | **Total carrying amount 31 December 2023** | **Fair value 31 December 2023** |
|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 40 172 144 | 84 479 013 | 124 651 157 | 124 651 157 |
| Investment securities at fair value through other comprehensive income | – | 36 325 677 | 36 325 677 | 36 325 677 |
| Investment securities at amortised cost | 10 203 674 | – | 10 203 674 | 10 203 674 |
| Other financial assets | 360 453 | – | 360 453 | 360 453 |
| | **50 736 271** | **120 804 690** | **171 540 961** | **171 540 961** |
| Banknotes and coins in circulation | 207 251 028 | – | 207 251 028 | 207 251 028 |
| Amounts due to banks and other financial institutions | 58 999 018 | – | 58 999 018 | 58 999 018 |
| Amounts due to the Cabinet of Ministers of the Kyrgyz Republic | 42 636 978 | – | 42 636 978 | 42 636 978 |
| Debt securities issued | 54 281 514 | – | 54 281 514 | 54 281 514 |
| Liabilities to the IMF in respect of SDR allocations | 10 204 524 | – | 10 204 524 | 10 204 524 |
| Other financial liabilities | 244 861 | – | 244 861 | 244 861 |
| | **373 617 923** | **–** | **373 617 923** | **373 617 923** |

*(In thousands of soms)*

# 33 Financial assets and financial liabilities: accounting classifications and fair value (continued)

## (a) Accounting classifications and fair value (continued)

The estimates of fair value are intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm's length transaction. 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.

## (b) Fair value hierarchy

The National Bank measures fair values for financial instruments recorded in the separate statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in an active market for identical instruments;
- Level 2: Valuation techniques based on observable inputs, 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 identical or similar instruments in markets that are considered as less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3: Valuation techniques using significant unobservable inputs. 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 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 table below analyses financial instruments measured at fair value as at 31 December 2024, by levels in the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total 31 December 2024 |
|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 63 715 315 | – | – | **63 715 315** |
| Investments in securities at fair value through other comprehensive income | 50 744 342 | – | – | **50 744 342** |

The table below analyses financial instruments measured at fair value as at 31 December 2023, by levels in the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total 31 December 2023 |
|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 84 479 013 | – | – | **84 479 013** |
| Investments in securities at fair value through other comprehensive income | 36 325 677 | – | – | **36 325 677** |

*(In thousands of soms)*

# 33 Financial assets and financial liabilities: accounting classifications and fair values (continued)

## (b) Fair value hierarchy (continued)

The table below analyses financial instruments not measured at fair value as at 31 December 2024, by levels in the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total 31 December 2024 |
|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 20 484 983 | 29 589 083 | – | **50 074 066** |
| Investment securities at amortised cost | – | 20 309 452 | – | **20 309 452** |
| Other financial assets | – | 372 570 | – | **372 570** |
| Banknotes and coins in circulation | – | 240 424 733 | – | **240 424 733** |
| Amounts due to banks and other fi-nancial institutions | – | 128 319 507 | – | **128 319 507** |
| Amounts due to the Cabinet of Minis-ters of the Kyrgyz Republic | – | 42 128 960 | – | **42 128 960** |
| Debt securities issued | – | 1 107 378 | – | **1 107 378** |
| Liabilities to the IMF in respect of SDR allocations | – | 12 904 627 | – | **12 904 627** |
| Other financial liabilities | – | 321 183 | – | **321 183** |

The table below analyses financial instruments not measured at fair value as at 31 December 2023, by levels in the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total 31 December 2023 |
|---|---|---|---|---|
| Cash on hand, amounts due from banks and other financial institutions | 20 978 876 | 19 193 268 | – | **40 172 144** |
| Investment securities at amortised cost | – | 10 203 674 | – | **10 203 674** |
| Other financial assets | – | 360 453 | – | **360 453** |
| Banknotes and coins in circulation | – | 207 251 028 | – | **207 251 028** |
| Amounts due to banks and other fi-nancial institutions | – | 58 999 018 | – | **58 999 018** |
| Amounts due to the Cabinet of Minis-ters of the Kyrgyz Republic | – | 42 636 978 | – | **42 636 978** |
| Debt securities issued | – | 54 281 514 | – | **54 281 514** |
| Liabilities to the IMF in respect of SDR allocations | – | 10 204 524 | – | **10 204 524** |
| Other financial liabilities | – | 244 861 | – | **244 861** |

## 34 Offsetting

As at 31 December 2024 and 2023, the National Bank had not any financial assets and financial liabilities that would have met the criteria for offsetting in the separate statement of financial position, and the National Bank had not entered into any master netting or similar agreements.

## 35 Events after the reporting period

In accordance with the constitutional Law "On Issues of transfer of the National Bank's profit of the Kyrgyz Republic" dated 5 February 2025, the transfer of profit of the National Bank by result of 2024 to the republican budget will be carried out in the amount of one hundred percent.

As at the date of issue of these separate financial statements no other significant events or transactions occurred which should be disclosed in accordance with IAS 10 "Events after the Reporting Period", except for the event described above.