

JSC Mbank

Disclosure Report for Q2 2025

Prepared in accordance with the Regulation on the activities information disclosure requirements of a commercial bank dated October 30, 2019, No. 2019-P-12/54-4-(LSI)

1) review of compliance with economic standards and disclosure of financial performance of the Bank

Table 1. Economic standards and financial performance

S/N	Economic standards and financial performance	30.06.2025	31.03.2025	31.12.2024	30.09.2024	30.06.2024	Standard value
Capital ratio, thousand KGS							
1	Tier 1 Basic Capital	14,473,159	14,599,577	8,230,835	8,260,172	8,339,710	
2	Tier 1 Capital	14,473,159	14,599,577	8,230,835	8,260,172	8,339,710	
3	Net total capital (NTC)	19,107,609	16,967,687	15,481,853	14,445,898	12,025,255	
4	Risk-weighted assets, thousand KGS	87,875,260	74,987,714	61,675,233	50,442,584	41,740,211	
Asset-weighted capital adequacy ratios							
Information on this item is posted on the website of JSC Mbank Information on compliance with economic standards: https://mbank.kg/media/about/finance/%D1%84%D0%B8%D0%BD_%D0%BE%D1%82%D1%87%D0%B5%D1%82_%D0%B8%D1%8E%D0%BD%D1%8C_2025.pdf							
Total Capital Ratio							
10	Total Interest Income/average annual assets	11.5%	13.8%	11.6%	11.3%	10.9%	
11	Total Interest Expense /average annual assets	3.2%	2.9%	2.2%	2.2%	2.1%	
12	Operating income /average annual assets	9.6%	10.0%	15.6%	18.1%	18.5%	
13	Net Interest Margin	12.1%	12.1%	11.0%	10.5%	10.4%	
Assets quality							
14	Graded loans/Total loans	4.11%	4.40%	4.59%	4.76%	6.55%	
15	Regulatory provision for impairment/Total loans	4.20%	4.37%	4.48%	5.20%	5.98%	
16	Foreign currency loans /Total loans	2.92%	3.22%	3.50%	3.83%	5.05%	
17	Loan portfolio (as of end of	69,892,019.9	58,719,943.4	46,573,620.7	33,790,732.9	24,321,491.7	

	period, thousand KGS)						
Liquidity							
18	Liquidity Ratio K3.1	56.5%	54.7%	54.2%	69.9%	77.8%	min 45%
19	Liquidity assets/Total assets	37.08%	36.81%	35.19%	48.94%	53.65%	
Other performances							
20	Maximum risk per borrower or group of related borrowers not related to the bank (K1.1)	3.8%	4.4%	5.3%	4.3%	5.7%	max 20%
21	Maximum risk per borrower or group of related borrowers related to the bank (K1.2)	0.0%	0.0%	0.0%	0.0%	0.1%	max 15%
22	Maximum risk for interbank placements in a bank not related to the bank (K1.3)	0.8%	0.4%	5.8%	0.9%	0.7%	max 30%
23	Maximum risk for interbank placements in a bank related to the bank (K1.4)	0.0%	0.0%	0.0%	0.0%	0.0%	max 15%
24	Number of days of violations in the total amount of long open currency positions (K4.2)	0	0	0	0	0	max 20%
25	Number of days of violations in the total amount of short open currency positions (K4.3)	0	0	0	0	0	max 20%
26	Number of days of violations in the total amount of long open currency positions (K4.2)	0	0	0	0	0	max 20%
27	Number of days of violations in the total amount of short open currency positions (K4.3)	0	0	0	0	0	max 20%

2) information about the Board of Directors, Management Board, shareholders owning more than 5 (five) percent of the bank's shares, and beneficial owners

Table 2. Information about the Board of Directors, Management Board, Shareholders and Beneficial Owners

S/N	Board members	Appointment date *
1	Tumonbaev Baktybek Asanalievich	31/03/2023
2	Kyrgyzbaeva Asel Zhekshenbekovna	28/03/2025
3	Myrzabaev Zhanybek Sagadyldaevich	31/03/2023

4	Omorkulov Azizbek Pazylbaevich	14/01/2025
5	Abdrashev Nurgazy Akunzhanovich	28/03/2025
	Management members	Appointment date **
1	Ishenbaev Maksatbek Beishenbekovich	15/01/2025
2	Suranaev Kairatbek Dzhumgalbekovich	18/04/2024
3	Toraliev Marat Tynchtykbekovich	29/05/2025
4	Fomenko Sergey Alexandrovich	16/05/2024
5	Rayynbekova Mirgul Beishenalievna	03/10/2024
6	Ogonbaeva Kaiyrgul Shabdanovna	10/04/2025
	List of shareholders holding more than 5% of the issued share capital	% share
1	Babanov Omurbek Toktogulovich	97.97%
	List of beneficiaries of the bank indicating the names of direct and indirect holders of more than 5% of shares	% share
1	Babanov Omurbek Toktogulovich	97.97%

* The date of election by the Meeting of Shareholders is indicated

** The appointment date by the Board of Directors is indicated

- 3) The capital structure in accordance with the Appendix to the Instructions for the standards of capital adequacy of commercial banks of the Kyrgyz Republic, approved by the Resolution of the Board of the National Bank dated October 12, 2022, No. 2022-P-12/63-1-(LSI) is presented in the table below:

Items	Amount, thousand KGS	
	30.06.2025	31.03.2025
Tier 1 Capital		
Tier 1 Basic Capital		
Ordinary shares	8,700,875	8,700,875
Preferred Non-Cumulative Shares (eligible for inclusion in Tier 1 Basic Capital).	0	0
Share premium account	0	0
Reserves for future bank needs	0	0
Retained earnings (losses) of previous years	6,382,685	6,493,930
(-) Current year losses	0	0
(-) Intangible assets	606,911	591,738
(-) Investments (in the form of shares or equity participation) in other unconsolidated banks and financial and credit institutions, as well as non-financial organizations	0	0
(-) Deferred tax assets	0	0
Total Tier 1 Basic Capital	14,473,159	14,599,577
Additional Tier 1 Capital		
Additional capital contributed by individuals and legal entities	0	0

Preferred shares that qualify for Additional Tier 1 Capital but are not eligible for Basic Tier 1 Capital	0	0
Other capital instruments: perpetual subordinated debt	0	0
(-) Investments in Additional Tier 1 Capital of unconsolidated banks and capital of financial and credit institutions and non-financial institutions (if applicable)	0	0
Total additional Tier 1 Capital	0	0

Total Tier 1 Capital	14,473,159	14,599,577
Capital Tier 2		
Current year profit	3,502,479	1,403,888
Reserve aggregate (eligible for inclusion): a) reserve aggregate to cover potential losses and damages; b) reserve aggregate to cover potential losses and damages from assets other than loans	1,131,971	964,222
Securities revaluation reserves	0	0
Foreign currency translation reserves on consolidation	0	0
Profit equalization reserve	0	0
Reserve for covering investment risks	0	0
Portion of capital and debt instruments approved by the National Bank for inclusion in Tier II Capital	0	0
The difference between the share sale price included in Tier 2 Capital (not included in Tier 1 Capital) and their par value following the issue	0	0
(-)Investments in Tier II Capital of unconsolidated banks and capital of financial and credit institutions and non-financial organizations (if applicable)	0	0
Total Tier 2 Capital	4,634,450	2,368,110
Total net total capital	19,107,609	16,967,687

Information on material facts and decisions of the Extraordinary General Meeting of Shareholders is posted on the website of JSC Mbank Appendix No. 1 to the Financial Statements https://mbank.kg/media/about/finance/%D1%84%D0%B8%D0%BD_%D0%BE%D1%82%D1%87%D0%B5%D1%82_%D0%B8%D1%8E%D0%BD%D1%8C_2025.pdf

4) sectoral structure of loans

Table 3. Sectorial breakdown of customer loans

S/N	Sectorial breakdown of customer loans, thousand KGS	30.06.2025	31.03.2025
1	Loans and financial leases, total	69,892,019.9	58,719,943.4
	including:		
2	production loans	732,803.2	655,724.3
3	loans for agriculture, storage and processing	2,604,014.3	2,262,160.4
4	loans for trade and services	2,194,766.3	2,053,771.4
5	construction loans	414,943.5	357,668.4
6	mortgage	3,592,814.0	3,241,747.8
7	consumer loans	53,165,305.7	45,199,752.1
8	Other loans	7,187,372.9	4,949,119.0

5) explanations of the differences between the requirements of international financial reporting standards and the accounting requirements of the National Bank, including an indication of the difference in quantitative data.

The Bank keeps its accounting records in accordance with the requirements of the National Bank of the Kyrgyz Republic and in accordance with the requirements of International Financial Reporting Standards (IFRS). NBKR requirements differ from the IFRS requirements regarding assessment of provision for impairment of assets, as well as the recognition of interest income on overdue loans to

customers, which leads to the following differences in accounting:

	30.06.2025	31.12.2024	30.06.2024
Regulatory provision for impairment (RPI) for loans provided to customers and other assets in accordance with the requirements of NBKR	(3 400 983)	(2 476 989)	(1 804 888)
Expected Credit Losses (ECL) on loans to customers and other assets according to IFRS 9	(2 867 951)	(1 887 680)	(1 366 517)
Retained earnings according to NBKR	9 885 164	6 493 930	3379973
Retained earnings according to IFRS	10 315 059	6 830 906	3 581 104
Net Profit for the period according to NBKR	3 502 479	6 448 968	3 335 011
Net Profit for the period according to IFRS	3 595 398	6 550 688	3 300 886
Loans to customers according to NBKR	66 313 876	44 610 717	23 706 463
Loans to customers according to IFRS	66 377 143	44 673 983	23 719 887

Provision for impairment of assets

The assessment of the provision for impairment of loans to customers according to NBKR requirements is performed in accordance with the requirements of the Regulation "On classification of assets and corresponding deductions to the reserve to cover potential losses and damages", approved by Resolution of the Board of NBKR No. 18/3 dated July 21, 2004 (as last amended on June 18, 2025), and the Procedure for applying a special classification of loans that meet certain criteria, approved by Resolution of the Board of NBKR No. 5/6 dated March 2, 2006 (as last amended on March 19, 2025). The Bank recognizes and calculates expected credit losses in accordance with the requirements of IFRS 9 Financial Instruments. The assessment of expected credit losses is based on a model that takes into account expected losses on financial instruments over the next 12 months or throughout their entire term, depending on the level of credit risk.

Application of the model requires the use of professional judgment and includes the following key elements:

- Evaluation of signs of default, including both quantitative criteria (e.g., overdue payment of more than 90 days, etc.) and qualitative signs of deterioration in the financial standing of the borrower;
- Determination of an apparent increase in credit risk (AICR) affecting the transfer of an asset from stage 1 to stage 2 of loss accounting;
- Staged assets classification:
 - Stage 1 – assets without signs of apparent increase in credit risk (ECL are calculated for 12 months);
 - Stage 2 – assets with signs of apparent increase in credit risk (ECL are calculated for the entire term);
 - Stage 3 – assets with default signs;
- Using the key parameters of the model – probability of default (PD), exposure at default (EAD), loss given default (LGD) and the discount rate in the form of the effective interest rate;
- The collective-based assessment is applied to portfolios with homogeneous risk characteristics (consumer loans; loans to small and medium enterprises; corporate loans; mortgage loans; consumer finance under Islamic principles; mortgage finance under Islamic principles; corporate finance under Islamic principles);
- Financial assets classified as purchased or originated credit-impaired (hereinafter referred to as POCI) are assessed based on the risk of default over one or two different periods depending on

whether there has been a significant increase in the credit risk of the borrower since initial recognition.

- Inclusion of forecast information based on various scenarios of economic development, taking into account their probabilistic assessment.

Forecast macroeconomic variables used in the model can be revised based on the results of macroeconomic regression and analysis of their ability to explain fluctuations in default and loss levels.

Net interest income

Interest income on overdue loans to customers at the request of NBKR is recognized in accordance with the requirements of "Procedure for assigning the status of not-charged interest income", approved by Resolution of the Board of NBKR No. 11/2 dated April 28, 2004 (as last amended on January 17, 2024). In accordance with the requirements of IFRS 9 Financial Instruments, interest income and expense are calculated by applying the effective interest rate to the gross carrying amount of financial assets that are not credit-impaired. In the case of a financial asset that becomes credit-impaired, interest income is calculated based on the effective interest rate applied to the net amortized cost of that asset. If a financial asset ceases to be in default or is no longer credit-impaired, the Bank reverts to calculating interest revenue based on the gross amount.

Lease accounting

Lease accounting in the bank is carried out at the request of NBKR and conducted in accordance with the requirements of the Regulation "On the requirements for the accounting policy of commercial banks and other financial and credit organizations licensed by NBKR" - approved by the Resolution of the Board of NBKR No. 26/2 dated October 23, 2004 (including revisions until 2024) and the Regulation "On the requirements for the formation of financial statements of commercial banks of the Kyrgyz Republic" - Resolution of the Board No. 6/2 dated March 12, 2010 (with the latest amendments and additions until January 2024), formalizing the requirements for reporting under IFRS, including leases under IFRS 16.

The key requirement of IFRS 16 "Lease" is as follows:

A lessee must recognize all leases on the balance sheet, except for short-term leases (up to 12 months) and leases of low-value assets (e.g. laptop, office furniture, etc.).

- Reflect the right-of-use asset on the balance sheet of the lessee.
- Reflect the lease liability - the discounted value of future lease payments.
- Exception: short-term leases (up to 12 months) and leases of low-cost properties can be taken into account as period expenses.

Lease (IFRS 16) at the beginning of the first quarter is 63 units.

Lease (IFRS 16) at the end of the second quarter is 68 units, thus an increase by 5 units for the second quarter.

Management Chairman

M.B. Ishenbaev

Chief accountant

M.B. Raiynbekova