

Demir Kyrgyz International Bank CJSC

Financial statements

*for the year ended 31 December 2022
together with independent auditor's report*

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for the year ended 31 December 2022

In preparing the financial statements, management is responsible for:

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

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

Mr. Sevki Sarilar
General Manager

24 March 2023
Bishkek, Kyrgyz Republic



Mrs. Zulfiya Djakipova
Chief Accountant

24 March 2023
Bishkek, Kyrgyz Republic

Independent auditor's report

To the Shareholders and Board of Directors of Demir Kyrgyz International Bank CJSC

Opinion

We have audited the financial statements of Demir Kyrgyz International Bank CJSC (hereinafter, the "Bank"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Other matter

The financial statements of Demir Kyrgyz International Bank CJSC for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2022.

Responsibilities of management and the Audit Committee for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We communicate with the 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.



Olga Kheday
Auditor

Qualification certificate of the auditor:
Series AD No. 0017, registration number
No. 0466 of August 7, 2019

Toktogul Str., 125/1, 720001,
Bishkek, Kyrgyz Republic

24 March 2023



Paul Cohn
General Director
Ernst & Young Audit LLC

Qualification certificate of the auditor:
Series A No. 0366, registration number
No. 0446 of October 22, 2018

Audit license: Series A, No. 0036, registration
number No. 0065, issued February 20, 2010
by the State Service for Regulation and
Supervision of the Financial Market under the
Government of the Kyrgyz Republic

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**for the year ended 31 December 2022***(in thousands of Kyrgyz Som)*

	Notes	2022	2021*
Interest income calculated using the effective interest rate	5	2,127,537	1,372,971
Interest expense	5	(539,492)	(324,922)
Net interest income		1,588,045	1,048,049
Credit loss expense	6	(60,354)	(35,748)
Net interest income after credit loss expense		1,527,691	1,012,301
Fee and commission income	7	1,266,358	738,805
Fee and commission expense	7	(604,564)	(385,986)
Net fee and commission income		661,794	352,819
<i>Net gains from foreign currencies:</i>			
- dealing		1,746,803	349,197
- translation differences		53,012	5,959
Net losses on modification of financial assets measured at amortised cost	12	(27,434)	—
Other operating income		14,501	61,815
Non-interest income		1,786,882	416,971
Personnel expenses	8	(835,559)	(672,546)
Other operating expenses	8	(641,333)	(552,335)
Other impairment and provisions		(35,683)	21,272
Non-interest expenses		(1,512,575)	(1,203,609)
Profit before income tax		2,463,792	578,482
Income tax expense	9	(242,709)	(59,649)
Profit for the year		2,221,083	518,833
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Reclassification of cumulative gain on disposal of debt instruments at fair value through other comprehensive income to profit or loss		—	(217)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income		—	(101)
Other comprehensive loss, net of income tax		—	(318)
Total comprehensive income for the year		2,221,083	518,515
Earnings per share, KGS	20	1,111	259

*Certain amounts in this column do not agree to the financial statements for the year ended 31 December 2021, as they reflect reclassifications made and disclosed in Note 2.

On behalf of the Management:

Mr. Sevki Sarlar
General Manager

24 March 2023
Bishkek, Kyrgyz Republic



Mrs. Zulfya Djakipova
Chief Accountant

24 March 2023
Bishkek, Kyrgyz Republic

The accompanying notes on pages 5-51 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION


as at 31 December 2022

(in thousands of Kyrgyz Som)

	Notes	31 December 2022	31 December 2021*
Assets			
Cash and cash equivalents	10	29,275,886	12,384,660
Amounts due from credit institutions	11	4,133,352	3,540,203
Loans to customers	12	13,708,324	12,712,007
Investment securities at amortized cost	13	76,297	210,431
Property and equipment	14	335,648	331,260
Intangible assets	14	172,309	161,984
Right-of-use assets	15	364,680	167,320
Other assets	16	797,077	888,582
Total assets		48,863,573	30,396,447
Liabilities			
Amounts due to banks	17	56,782	177,045
Amounts due to customers	18	41,471,592	25,645,589
Other borrowed funds	19	759,964	532,447
Current income tax liabilities		41,772	25,630
Deferred income tax liabilities	9	28,545	25,778
Lease liabilities	15	376,364	170,532
Other liabilities	16	307,012	218,967
Total liabilities		43,042,031	26,795,988
Equity			
Share capital	20	2,000,000	2,000,000
Additional paid-in capital		1	1
Retained earnings		3,821,541	1,600,458
Total equity		5,821,542	3,600,459
Total liabilities and equity		48,863,573	30,396,447

*Certain amounts in this column do not agree to the financial statements for the year ended 31 December 2021, as they reflect reclassifications made and disclosed in Note 2.

On behalf of the Management:



Mr. Sevki Samlar
General Manager

24 March 2023
Bishkek, Kyrgyz Republic




Mrs. Zulfiya Djakipova
Chief Accountant

24 March 2023
Bishkek, Kyrgyz Republic

The accompanying notes on pages 5-51 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS**for the year ended 31 December 2022***(in thousands of Kyrgyz Som)*

	Notes	2022	2021
Cash flows from operating activities			
Interest received		2,098,995	1,383,071
Interest paid		(469,476)	(302,531)
Fee and commission received		1,266,358	738,805
Fee and commission paid		(604,564)	(385,986)
Realised gains less losses from dealing in foreign currencies and foreign currency derivatives		1,746,803	349,197
Other income received		16,804	62,349
Personnel expenses paid		(750,714)	(618,900)
Other operating expenses paid		(347,356)	(341,388)
Cash flows from operating activities before changes in operating assets and liabilities		2,956,850	884,617
<i>Net (increase)/decrease in operating assets</i>			
Amounts due from credit institutions		(455,788)	379,446
Loans to customers		(990,609)	(2,658,482)
Other assets		15,379	(339,917)
<i>Net (decrease)/increase in operating liabilities</i>			
Amounts due to banks		(120,645)	160,140
Amounts due to customers		15,265,685	3,855,532
Other liabilities		1,199	(20,339)
Net cash flows from operating activities before income tax		16,672,071	2,260,997
Income tax paid		(223,800)	(33,811)
Net cash from operating activities		16,448,271	2,227,186
Cash flows from investing activities			
Proceeds from redemption of investment securities at amortised cost		133,544	(6,232)
Proceeds from sale of investment securities at fair value through other comprehensive income		—	73,954
Purchase of property and equipment and intangible assets		(177,473)	(218,815)
Net cash used in investing activities		(43,929)	(151,093)
Cash flows from financing activities			
Proceeds from other borrowed funds	19	528,503	—
Repayment of other borrowed funds	19	(304,767)	(362,291)
Lease payments	15	(84,101)	(75,315)
Net cash from / (used in) financing activities		139,635	(437,606)
Effect of expected credit losses on cash and cash equivalents		(8,659)	210
Effect of changes in exchange rates on cash and cash equivalents		355,909	123,695
Net increase in cash and cash equivalents		16,891,226	1,762,392
Cash and cash equivalents as at the beginning of the year		12,384,660	10,622,268
Cash and cash equivalents as at the end of the year	10	29,275,886	12,384,660

On behalf of the Management:



Mr. Sevki Sarilar
General Manager

24 March 2023
Bishkek, Kyrgyz Republic




Mrs. Zulfiya Djakipova
Chief Accountant

24 March 2023
Bishkek, Kyrgyz Republic

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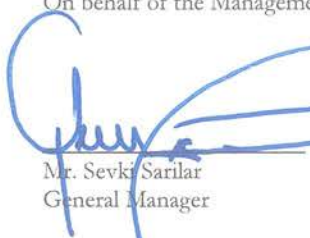
STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

(in thousands of Kyrgyz Som)


	Notes	Share capital	Additional paid-in capital	Fair value reserve	Retained earnings	Total equity
As at 1 January 2021		600,000	1	318	2,481,625	3,081,944
Profit for the year		—	—	—	518,833	518,833
Other comprehensive loss		—	—	(318)	—	(318)
Total comprehensive income for the year		—	—	(318)	518,833	518,515
Issue of share capital	20	1,400,000	—	—	(1,400,000)	—
As at 31 December 2021		2,000,000	1	—	1,600,458	3,600,459
Profit for the year		—	—	—	2,221,083	2,221,083
Other comprehensive income		—	—	—	—	—
Total comprehensive income for the year		—	—	—	2,221,083	2,221,083
As at 31 December 2022		2,000,000	1	—	3,821,541	5,821,542

On behalf of the Management:



Mr. Sevkil Sarilar
General Manager

24 March 2023
Bishkek, Kyrgyz Republic

Mrs. Zulfiya Djakipova
Chief Accountant

24 March 2023
Bishkek, Kyrgyz Republic

The accompanying notes on pages 5-51 are an integral part of these financial statements.