

Demir Kyrgyz International Bank CJSC

Financial statements

*for the year ended 31 December 2023
together with independent auditor's report*

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS**For the year ended 31 December 2023**

Management is responsible for the preparation of the financial statements that present fairly the financial position of Demir Kyrgyz International Bank (the "Bank") as at 31 December 2023, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

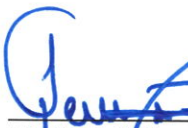
In preparing the financial statements, management is responsible for:

- 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.

Management is also responsible for:

- 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.

The financial statements for the year ended 31 December 2023 were approved by the Management on 19 March 2024 and signed on its behalf by:


Mr. Sevki Sarilar
General Manager

19 March 2024
Bishkek, Kyrgyz Republic




Mrs. Zulfya Djakipova
Chief Accountant

19 March 2024
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 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023 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) together with the ethical requirements that are relevant to our audit of the financial statements in 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.

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.



Paul Cohn
Auditor / General Director
Ernst & Young Audit LLC

Qualification certificate of the auditor:
Series A No. 0366, registration number
No. 0446 of 22 October 2018
Individual registration number No. 11030
dated 11 July 2023

Individual registration number of Ernst & Young
Audit LLC in the Unified State Register of Audit
Organisations admitted to audit entities of
public interest, large businesses No. 2100201
dated 22 June 2023 issued by the Office for
Regulation and Supervision of the Financial
Market under the Ministry of Economy and
Commerce of the Kyrgyz Republic

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

19 March 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**For the year ended 31 December 2023***(in thousands of Kyrgyz Som)*


	<i>Notes</i>	<i>2023</i>	<i>2022</i>
Interest income calculated using the effective interest rate	5	3,374,262	2,127,537
Interest expense	5	(789,254)	(539,492)
Net interest income		2,585,008	1,588,045
Credit loss expense	6	(103,725)	(60,354)
Net interest income after credit loss expense		2,481,283	1,527,691
Fee and commission income	7	1,396,120	1,266,358
Fee and commission expense	7	(723,583)	(604,564)
Net fee and commission income		672,537	661,794
Net gains from foreign currencies:			
- dealing		1,310,643	1,746,803
- translation differences		28,281	53,012
Net losses on modification of financial assets measured at amortised cost	13	(2,668)	(27,434)
Other operating income	8	82,762	14,501
Non-interest income		1,419,018	1,786,882
Personnel expenses	9	(971,947)	(835,559)
Other operating expenses	9	(828,136)	(641,333)
Other impairment and provisions	17	(10,776)	(35,683)
Non-interest expenses		(1,810,859)	(1,512,575)
Profit before income tax		2,761,979	2,463,792
Income tax expense	10	(282,933)	(242,709)
Profit for the year		2,479,046	2,221,083
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		2,479,046	2,221,083
Earnings per share, KGS	21	1,240	1,111

Signed and authorised for release on behalf of the Management:



Mr. Sevki Sarilar
General Manager

19 March 2024
Bishkek, Kyrgyz Republic

Mrs. Zulfya Djakipova
Chief Accountant

19 March 2024
Bishkek, Kyrgyz Republic

STATEMENT OF FINANCIAL POSITION**As at 31 December 2023***(in thousands of Kyrgyz Som)*

	Notes	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents	11	24,060,747	29,275,886
Amounts due from credit institutions	12	6,735,371	4,133,352
Loans to customers	13	21,658,894	13,708,324
Investment securities at amortised cost	14	1,130,989	76,297
Property and equipment	15	307,043	335,648
Intangible assets	15	211,908	172,309
Right-of-use assets	16	343,983	364,680
Other assets	17	989,158	797,077
Total assets		55,438,093	48,863,573
Liabilities			
Amounts due to banks	18	42,382	56,782
Amounts due to customers	19	43,213,915	41,471,592
Other borrowed funds	20	2,973,432	759,964
Current income tax liabilities		71,743	41,772
Deferred income tax liabilities	10	35,530	28,545
Lease liabilities	16	357,769	376,364
Other liabilities	17	442,734	307,012
Total liabilities		47,137,505	43,042,031
Equity			
Share capital	21	2,000,000	2,000,000
Additional paid-in capital		1	1
Retained earnings		6,300,587	3,821,541
Total equity		8,300,588	5,821,542
Total liabilities and equity		55,438,093	48,863,573

Signed and authorised for release on behalf of the Management:


 Mr. Sevki Sarilar
 General Manager
 19 March 2024
 Bishkek, Kyrgyz Republic

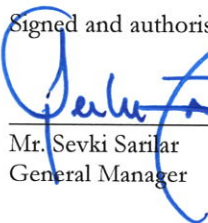



 Mrs. Zulfriya Djakipova
 Chief Accountant
 19 March 2024
 Bishkek, Kyrgyz Republic

STATEMENT OF CASH FLOWS**For the year ended 31 December 2023***(in thousands of Kyrgyz Som)*

	<i>Notes</i>	<i>2023</i>	<i>2022</i>
Cash flows from operating activities			
Interest received		3,260,721	2,098,995
Interest paid		(713,829)	(469,476)
Fee and commission received		1,396,120	1,266,358
Fee and commission paid		(723,649)	(604,564)
Realised gains less losses from dealing in foreign currencies		1,310,643	1,746,803
Other income received		82,150	16,804
Personnel expenses paid		(911,891)	(750,714)
Other operating expenses paid		(572,594)	(347,356)
Cash flows from operating activities before changes in operating assets and liabilities		3,127,671	2,956,850
<i>Net (increase)/ decrease in operating assets</i>			
Amounts due from credit institutions		(2,593,861)	(455,788)
Loans to customers		(7,787,482)	(990,609)
Other assets		(125,791)	15,379
<i>Net (decrease)/ increase in operating liabilities</i>			
Amounts due to banks		(15,899)	(120,645)
Amounts due to customers		614,777	15,265,685
Other liabilities		30,989	1,199
Net cash flows (used in)/from operating activities before income tax		(6,749,596)	16,672,071
Income tax paid		(245,975)	(223,800)
Net cash (used in)/from operating activities		(6,995,571)	16,448,271
Cash flows from investing activities			
Purchase of investment securities at amortised cost		(1,642,476)	–
Proceeds from redemption of investment securities at amortised cost		645,228	133,544
Purchase of property and equipment and intangible assets		(207,245)	(177,473)
Net cash used in investing activities		(1,204,493)	(43,929)
Cash flows from financing activities			
Proceeds from other borrowed funds	20	2,526,147	528,503
Repayment of other borrowed funds	20	(319,766)	(304,767)
Lease payments		(91,832)	(84,101)
Net cash from financing activities		2,114,549	139,635
Effect of expected credit losses on cash and cash equivalents		(649)	(8,659)
Effect of changes in exchange rates on cash and cash equivalents		871,025	355,908
Net (decrease)/increase in cash and cash equivalents		(5,215,139)	16,891,226
Cash and cash equivalents as at the beginning of the year		29,275,886	12,384,660
Cash and cash equivalents as at the end of the year	11	24,060,747	29,275,886

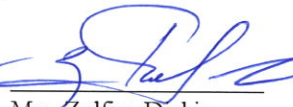
Signed and authorised for release on behalf of the management:



Mr. Sevki Sarilar
General Manager

19 March 2024
Bishkek, Kyrgyz Republic

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


Mrs. Zulfya Djakipova
Chief Accountant

19 March 2024
Bishkek, Kyrgyz Republic


STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2023***(in thousands of Kyrgyz Som)*

	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Retained earnings</i>	<i>Total equity</i>
As at 1 January 2022	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
Profit for the year	–	–	2,479,046	2,479,046
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	2,479,046	2,479,046
As at 31 December 2023	2,000,000	1	6,300,587	8,300,588

Signed and authorised for release on behalf of the Management:


 Mr. Sevki Sarilar
 General Manager
 19 March 2024
 Bishkek, Kyrgyz Republic




 Mrs. Zulfya Djakipova
 Chief Accountant
 19 March 2024
 Bishkek, Kyrgyz Republic