

Independent auditor's report

ОсОО Грант Торнтон

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To the Participants, Board of Directors and the Shariah Borad of the CJSC MCC "Bailyk Finance":

Opinion

We have audited the financial statements of the CJSC MCC "Bailyk Finance" (the "Company"), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 give a true and fair view of the financial position of the Company as of December 31, 2023 and of its financial performance and its cash flows for the year ended in accordance with regulations of the National bank of the Kyrgyz Republic (the "NBKR").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and requirements of the Provision "About the Minimum Requirements to Carrying Out External Audit of the Microfinancial Organizations in the Kyrgyz Republic" approved by Resolution No. 19/4 of the NBKR Board as of June 28, 2006. 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 in relation to the Company 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 those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The financial statements of Closed Joint Stock Company "Microcredit Company "Bailyk Finance" for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 28 February 2023.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and requirements of NBKR, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

February 26, 2024
Bishkek



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State Service for Regulation and Supervision of the Financial Market
under the Government of the Kyrgyz Republic, on May 3, 2013

CJSC MICRO-CREDIT COMPANY "BAILYK FINANCE"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

(in thousands of Kyrgyz Soms)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest income	5	1,500,776	996,792
Interest expense	5	(602,223)	(429,533)
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	5	898,553	567,259
Accrual of allowance for impairment losses on interest bearing assets	6	(46,095)	(23,962)
NET INTEREST INCOME		852,458	543,297
Commission income		63,284	54,913
Net loss on operations with financial instruments at FVTPL	7	(68,747)	(65,504)
Net loss on foreign exchange operations	8	(39,885)	(715)
Accrual of allowance on other assets	6	(4,609)	-
Other income	9	34,212	25,156
NET NON-INTEREST INCOME		(15,745)	13,850
Operating expenses	10	(602,064)	(462,185)
PROFIT BEFORE INCOME TAX		234,649	94,962
Income tax expenses	11	(27,305)	(12,106)
NET PROFIT		207,344	82,856
TOTAL COMPREHENSIVE INCOME		207,344	82,856

On behalf of the Management:


Chinara Moldazhanova
General Director

February 26, 2024
Bishkek, the Kyrgyz Republic


Maya Dzhusupova
Chief Accountant

February 26, 2024
Bishkek, the Kyrgyz Republic

The notes on pages 11-54 form an integral part of the financial statements. The independent auditor's report is on pages 3-5.

CJSC MICRO-CREDIT COMPANY "BAILYK FINANCE"

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of Kyrgyz soms)

	Notes	December 31, 2023	December 31, 2022
ASSETS			
Cash and cash equivalents	12	389,645	166,257
Deposits and cash in banks	13	16,400	30,600
Loans to customers	14	4,364,755	3,207,301
Financial instruments at fair value through profit or loss	15	37,791	91,405
Property, equipment and intangible assets	16	37,965	38,434
Right-of-use assets	17	35,153	52,075
Deferred tax assets	11	2,400	12,365
Other assets	18	49,493	38,193
TOTAL ASSETS		4,933,602	3,636,630
LIABILITIES AND EQUITY			
LIABILITIES			
Borrowings	19	3,879,284	2,833,888
Subordinated loan	20	94,376	93,507
Lease liabilities	17	37,299	58,741
Advances received from customers		52,480	45,758
Other liabilities	21	111,044	52,961
		4,174,483	3,084,855
EQUITY			
Share capital	22	250,000	250,000
Retained earnings		509,119	301,775
		759,119	551,775
TOTAL LIABILITIES AND EQUITY		4,933,602	3,636,630

On behalf of the Management:


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February 26, 2024
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CJSC MICRO-CREDIT COMPANY "BAILYK FINANCE"

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of Kyrgyz Soms)

	Notes	Share capital	Retained earnings	Total Equity
Balance at January 1, 2022		250,000	247,419	497,419
Comprehensive income				
Profit		-	82,856	82,856
Total comprehensive income		-	82,856	82,856
Transactions with participants				
Dividends paid	22	-	(28,500)	(28,500)
Total transactions with Participants		-	(28,500)	(28,500)
Balance at December 31, 2022		250,000	301,775	551,775
Comprehensive income				
Profit		-	207,344	207,344
Total comprehensive income		-	207,344	207,344
Balance at December 31, 2023		250,000	509,119	759,119

On behalf of the Management:


Chinara Moldazhanova
General Director

February 26, 2024
Bishkek, the Kyrgyz Republic


Maya Dzhusupova
Chief Accountant

February 26, 2024
Bishkek, the Kyrgyz Republic

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CJSC MICRO-CREDIT COMPANY“BAILYK FINANCE”

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of Kyrgyz soms)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received		1,477,452	970,555
Interest paid		(583,539)	(395,182)
Commission received		63,284	54,913
Other cash receipts	9	34,212	25,156
Loss on foreign currency transactions	8	(1,347)	(194)
Payments on operations with financial instruments	7	(101,428)	(62,331)
Operating expenses paid		<u>(549,348)</u>	<u>(414,792)</u>
Cash flow from operating activities before changes in operating assets and liabilities		<u>339,286</u>	<u>178,125</u>
Changes in operating assets and liabilities:			
Deposits and cash in financial institutions		14,200	12,067
Loans to customers		(1,180,225)	(690,784)
Financial instruments at fair value through profit or loss		86,295	(68,467)
Other assets		(16,172)	(26,755)
Borrowers' prepayments		6,722	11,315
Other liabilities		<u>58,524</u>	<u>10,612</u>
Cash outflow from operating activities before income tax paid		<u>(691,370)</u>	<u>(573,887)</u>
Income tax paid		<u>(17,822)</u>	<u>(14,709)</u>
Net cash outflow from operating activities:		<u>(709,192)</u>	<u>(588,596)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets	16	<u>(30,755)</u>	<u>(34,293)</u>
Net cash outflow from investing activities		<u>(30,755)</u>	<u>(34,293)</u>

CJSC MICRO-CREDIT COMPANY "BAILYK FINANCE"

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of Kyrgyz soms)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
CASH FLOWS FROM FINANCING ACTIVITIES:			
Paid dividends	22	-	(28,500)
Proceeds from borrowings	19	2,929,030	1,944,700
Repayment of borrowings	19	(1,938,019)	(1,350,161)
Proceeds from subordinated loan	20	-	93,975
Repayment of lease liabilities		(26,635)	(19,413)
Net cash inflow from financing activities:		964,376	640,601
NET INCREASE IN CASH AND CASH EQUIVALENTS		224,429	17,712
Effect of foreign exchange translation difference on cash and cash equivalents		(1,041)	(3,450)
CASH AND CASH EQUIVALENTS, at the beginning of the year	12	166,257	151,995
CASH AND CASH EQUIVALENTS, at the end of the year	12	389,645	166,257

On behalf of the Management:


Chinara Moldazhanova
General Director

February 26, 2024
Bishkek, the Kyrgyz Republic




Maya Dzhusupova
Chief Accountant

February 26, 2024
Bishkek, the Kyrgyz Republic

The notes on pages 11-54 form an integral part of the financial statements. The independent auditor's report is on pages 3-5.

CJSC MCC "BAILYK FINANCE"

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(in thousands of Kyrgyz soms)

Financial Statements as of December 31, 2023 (Form No. 1) prepared in accordance with the Regulations "On Requirements for Financial Reporting and Information Presentation by Non-Bank Financial and Credit Organizations Operating in Accordance with Islamic Principles of Banking and Finance or Having an "Islamic Window".

	December 31, 2023	December 31, 2022
ASSETS		
Current account in a commercial bank intended for Islamic financing (Note 12)	60,328	10,019
Financing provided by the client under the Murabaha agreement (Note 14)	120,933	254,153
Allowance for impairment losses under Islamic finance (Note 14)	(10,838)	(7,110)
Other assets	1,347	2,113
TOTAL ASSETS	171,770	259,175
LIABILITIES		
Other liabilities	3,216	6,092
TOTAL LIABILITIES	3,216	6,092
EQUITY		
Share capital	95,428	227,662
Accumulated income	73,126	25,421
TOTAL EQUITY	168,554	253,083
TOTAL LIABILITY AND EQUITY	171,770	259,175

Profit or loss statement for the year ending December 31, 2023 (Form No. 2), prepared in accordance with the Regulations "On the Requirements for Financial Reporting and Presentation of Information by Non-Bank Financial and Credit Organizations Operating in Accordance with Islamic Principles of Banking and Financing or Having an "Islamic Window."

	December 31, 2023	December 31, 2022
Income from Murabaha	56,679	34,973
General allowance for impairment losses on financing	(3,737)	(7,185)
Net income	52,942	27,788
Operating and administrative expenses	(587)	(605)
Net operating loss	52,355	27,183
Charity and zakiat expenses	-	-
Income tax	(4,650)	(1,761)
Net loss	47,705	25,422

The conclusion of the Shariah Board is an appendix to these financial statements.



MICRO-CREDIT COMPANY
BAILYK FINANCE CJSC
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In the name of Allah, the Most Gracious, the Most Merciful!

Conclusion of the Shariah Board

We, Pusur tegin Zamir, Kalimullina Madina Emirovna, Ajimamatov Zailabidin Kasymovich, being members of the Shariah Board of the MCC "Bailyk Finance", CJSC (Company), confirm that the operations of the Company, which carries out according to Islamic principles of financing, in 2023 were carried out in accordance with the principles of Shariah.

On behalf of the Sharia Board:

DocuSigned by:
A blue ink signature of Pusur tegin Zamir is written over a blue DocuSign signature line.
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Pusur tegin Zamir
Chairman of the Sharia Board:

February 26, 2024
Bishkek, the Kyrgyz Republic