

Independent auditor's report

ОсОО Грант Торнтон

КР, 720001 Бишкек,
ул. Токтогула 125/1
Т. +996 312 97 94 90,
Ф. +996 312 97 94 91

Grant Thornton LLC
125/1 Toktogul Str.
720010 Bishkek, KR

T + 996 312 97 94 90
F + 996 312 97 94 91
www.grantthornton.kg

To the Shareholders, Board of Directors and the Shariah Board 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 31 December 2024, 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 and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and its financial performance and its cash flows for the year then 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 the requirements prescribed by the Regulation "About the Minimum Requirements to Carrying Out External Audit of the Microfinancial Organizations in the Kyrgyz Republic" No. 19/4 dated 28 June 2006 (as last amended by the Resolution of the Board of the National Bank of the Kyrgyz Republic dated 8 December 2023 No. 2023-П-12/76-1) (the "NBKR requirements"). 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 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 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.

We also provide those charged with governance with a statement confirming that we have complied with all relevant ethical requirements regarding independence and have communicated with them all relationships and other matters that could reasonably be considered to affect our independence, as well as, where applicable, the related safeguards applied.

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.

The engagement partner on the audit resulting in this independent auditor's report is Armen Vanyan.

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



20 February 2025
Bishkek

Grant Thornton LLC
License for auditing
State Service for Regulation and Supervision of the Financial Market
under the Government of the Kyrgyz Republic, 3 May 2013

CJSC MICRO-CREDIT COMPANY "BAILYK FINANCE"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands of Kyrgyz Soms)

	Notes	For the year ended 31 December 2024	For the year ended 31 December 2023
Interest income	5	1,905,460	1,500,776
Interest expense	5	(815,227)	(602,223)
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	5	1,090,233	898,553
Accrual of allowance for impairment losses on interest bearing assets	6	(102,311)	(46,095)
NET INTEREST INCOME		987,922	852,458
Commission income		104,278	63,284
Net loss on operations with financial instruments at FVTPL	7	(81,478)	(68,747)
Net gain / loss on foreign exchange operations	8	11,225	(39,885)
Accrual of allowance on other assets	6	(5,456)	(4,609)
Other income	9	39,516	34,212
NET NON-INTEREST INCOME		68,085	(15,745)
Operating expenses	10	(872,283)	(602,064)
PROFIT BEFORE INCOME TAX		183,724	234,649
Income tax expenses	11	(31,408)	(27,305)
NET PROFIT		152,316	207,344
TOTAL COMPREHENSIVE INCOME		152,316	207,344

On behalf of the Management:


Chinara Moldazhanova
General Director

20 February 2025
Bishkek, the Kyrgyz Republic


Maya Dzhusupova
Chief Accountant

20 February 2025
Bishkek, the Kyrgyz Republic

The notes on pages 11-58 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 31 DECEMBER 2024 (in thousands of Kyrgyz soms)

	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	12	394,620	389,645
Deposits and cash in banks	13	15,000	16,400
Loans to customers	14	5,447,953	4,364,755
Financial instruments at fair value through profit or loss	15	47,589	37,791
Property, equipment and intangible assets	16	81,836	37,965
Right-of-use assets	17	36,878	35,153
Deferred tax assets	11	1,407	2,400
Other assets	18	79,235	49,493
TOTAL ASSETS		6,104,518	4,933,602
LIABILITIES AND EQUITY			
LIABILITIES			
Borrowings	19	4,862,380	3,879,284
Subordinated loan	20	93,453	94,376
Lease liabilities	17	32,964	37,299
Advances received from customers		78,963	52,480
Other liabilities	21	177,160	111,044
		5,244,920	4,174,483
EQUITY			
Share capital	22	700,000	250,000
Retained earnings		159,598	509,119
		859,598	759,119
TOTAL LIABILITIES AND EQUITY		6,104,518	4,933,602

On behalf of the Management:


Chinara Moldazhanova
General Director

20 February 2025
Bishkek, the Kyrgyz Republic


Maya Dzhusupova
Chief Accountant

20 February 2025
Bishkek, the Kyrgyz Republic

The notes on pages 11-58 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 CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024 (in thousands of Kyrgyz Soms)

	Notes	Share capital	Retained earnings	Total Equity
Balance at 1 January 2023		250,000	301,775	551,775
Comprehensive income				
Profit		-	207,344	207,344
Total comprehensive income		-	207,344	207,344
Balance at 31 December 2023		250,000	509,119	759,119
Comprehensive income				
Profit		-	152,316	152,316
Total comprehensive income		-	152,316	152,316
Transactions with the Shareholders				
Dividends paid	22		(51,837)	(51,837)
Increase in share capital		450,000	(450,000)	-
Total transactions with the Shareholders		450,000	(501,837)	(51,837)
Balance at 31 December 2024		700,000	159,598	859,598

On behalf of the Management:


Chinara Moldazhanova
General Director

20 February 2025
Bishkek, the Kyrgyz Republic


Maya Dzhusupova
Chief Accountant

20 February 2025
Bishkek, the Kyrgyz Republic

The notes on pages 11-58 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 CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024 (in thousands of Kyrgyz soms)

	Notes	For the year ended 31 December 2024	For the year ended 31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received		1,893,610	1,477,452
Interest paid		(794,566)	(583,539)
Commission received		104,278	63,284
Other cash receipts	9	39,516	34,212
Loss on foreign currency transactions	8	(304)	(1,347)
Payments on operations with financial instruments	7	(66,843)	(101,428)
Operating expenses paid		<u>(808,983)</u>	<u>(549,348)</u>
Cash flow from operating activities before changes in operating assets and liabilities		<u>366,708</u>	<u>339,286</u>
Changes in operating assets and liabilities:			
Deposits and cash in financial institutions		1,400	14,200
Loans to customers		(1,173,659)	(1,180,225)
Financial instruments at fair value through profit or loss		(24,433)	86,295
Other assets		(39,038)	(16,172)
Borrowers' prepayments		26,483	6,722
Other liabilities		<u>67,078</u>	<u>58,524</u>
Cash outflow from operating activities before income tax paid		<u>(775,461)</u>	<u>(691,370)</u>
Income tax paid		<u>(30,415)</u>	<u>(17,822)</u>
Net cash outflow from operating activities:		<u>(805,876)</u>	<u>(709,192)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of fixed assets and intangible assets		3,167	-
Purchase of property, equipment and intangible assets	16	<u>(82,895)</u>	<u>(30,755)</u>
Net cash outflow from investing activities		<u>(79,728)</u>	<u>(30,755)</u>

CJSC MICRO-CREDIT COMPANY "BAILYK FINANCE"


STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024 (in thousands of Kyrgyz soms)

	Notes	For the year ended 31 December 2024	For the year ended 31 December 2023
CASH FLOWS FROM FINANCING ACTIVITIES:			
Paid dividends	22	(51,837)	-
Proceeds from borrowings	19	3,540,440	2,929,030
Repayment of borrowings	19	(2,562,146)	(1,938,019)
Repayment of lease liabilities		(31,736)	(26,635)
Net cash inflow from financing activities:		894,721	964,376
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,117	224,429
Effect of foreign exchange translation difference on cash and cash equivalents		(4,142)	(1,041)
CASH AND CASH EQUIVALENTS, at the beginning of the year	12	389,645	166,257
CASH AND CASH EQUIVALENTS, at the end of the year	12	394,620	389,645

On behalf of the Management:


Chinara Moldazhanova
General Director

20 February 2025
Bishkek, the Kyrgyz Republic


Maya Dzhusupova
Chief Accountant

20 February 2025
Bishkek, the Kyrgyz Republic

The notes on pages 11-58 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 31 DECEMBER 2024

(in thousands of Kyrgyz soms)

4. ISLAMIC WINDOW

In accordance with the NBKR Certificate of Registration No. 346 dated 10 March 2011, reissued on 26 January 2024, due to a change in the organizational and legal form and the Financing Policy in accordance with the Islamic Principles of Banking and Finance, guided by the Protocols of the Sharia Council of the Company No. 01-21-SHS dated 1 June 2021 and No.-02-21- SHS dated 4 December 2021. Starting from 8 December 2021, the activity of the Islamic Window for customer financing for the product “Murabaha” has been launched.

In accordance with the Regulation “On the requirements for the preparation, publication, and submission of the financial statements by the non-bank finance and credit organizations operating in accordance with the islamic principles of banking and finance” (“the Regulation”), approved by the Resolution of the NBKR Management No. 2024-П-12/5-4-(НПА) dated 14 February 2024, a microfinance organization prepares and submits additional financial statements on activities in accordance with the islamic principles of banking and finance, in the form of an appendix to the financial statements.

Below are all the necessary forms of the Company's financial statements as required by the Regulation.

CJSC MCC “BAILYK FINANCE”

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands of Kyrgyz soms)

The financial statement as at 31 December 2024 (Form No.1):

	31 December 2024	31 December 2023
ASSETS		
Current account in a commercial bank intended for Islamic financing (Note 12)	62,740	60,328
Financing provided by the client under the Murabaha agreement (Note 14)	136,788	120,933
Allowance for impairment losses under Islamic finance (Note 14)	(11,115)	(10,838)
Other assets	130	1,347
TOTAL ASSETS	188,543	171,770
LIABILITIES		
Other liabilities	3,108	3,216
TOTAL LIABILITIES	3,108	3,216
EQUITY		
Share capital	155,428	95,428
Accumulated income	30,007	73,126
TOTAL EQUITY	185,435	168,554
TOTAL LIABILITY AND EQUITY	188,543	171,770

Statement of profit or loss for the year ended 31 December 2024 (Form No.2)

	For the year ended 31 December 2024	For the year ended 31 December 2023
Income from Murabaha	33,340	56,679
General allowance for impairment losses on financing	(608)	(3,737)
Net income	32,732	52,942
Operating and administrative expenses	(306)	(587)
Net operating income	32,426	52,355
Charity and zakiat expenses	-	-
Income tax	(3,618)	(4,650)
Net profit	28,808	47,705

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



MICROCREDIT COMPANY "BAILYK
FINANCE" CJSC



170, Fatyanova str., 2-floor, Bishkek,
Kyrgyz Republic



+996 312 979-444 +996 559 991-111



+996 509 991-111 +996 220 991-111



office@bf.kg

In the name of Allah, the Most Gracious, the Most Merciful!

Conclusion of the Shariah Board

We, Pusur Tegin Zamir, Kalimullina Madina Emirovna, and Ajimamatov Zailabidin Kasymovich, being members of the Shariah Board of the CJSC MCC "Bailyk Finance" (the Company), hereby confirm that the financing activities carried out by the Company in accordance with Islamic principles in 2024 were conducted in compliance with the principles of Shariah.

On behalf of the Sharia Board:

DocuSigned by:
A blue ink signature of Pusur Tegin Zamir.
25B0CA69E18E417...

Pusur tegin Zamir
Chairman of the Sharia Board:

February 20, 2025
Bishkek, the Kyrgyz Republic