

Independent auditor's report

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To the Shareholders and Board of Directors 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 International Financial Reporting Standards (IFRS).

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 IFRS, 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, dated 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	4	1,905,460	1,500,776
Interest expense	4	(815,227)	(602,223)
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES ON INTEREST BEARING ASSETS	4	1,090,233	898,553
Allowance for expected credit losses on interest bearing assets	5, 13	(2,309)	(34,992)
NET INTEREST INCOME		1,087,924	863,561
Commission income		104,278	63,284
Net loss on operations with financial instruments at FVTPL	6	(81,478)	(68,747)
Net gain / loss on foreign exchange operations	7	11,225	(39,885)
Accrual of allowance on other assets	5, 17	(5,456)	(4,609)
Accrual of allowance for expected credit losses on non-interest bearing assets	5, 11, 12	(15)	(781)
Other income	8	39,516	34,212
NET NON-INTEREST INCOME		68,070	(16,526)
Operating expenses	9	(872,283)	(602,064)
PROFIT BEFORE INCOME TAX		283,711	244,971
Income tax	10	(41,405)	(28,338)
NET PROFIT		242,306	216,633
TOTAL COMPREHENSIVE INCOME		242,306	216,633

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 11-63 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 (CONTINUED) (in thousands of Kyrgyz soms)

	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	11	393,450	388,490
Deposits and cash in banks	12	14,412	15,811
Loans to customers	13	5,558,706	4,375,507
Financial instruments at fair value through profit or loss	14	47,589	37,791
Property, equipment and intangible assets	15	81,836	37,965
Right-of-use assets	16	36,878	35,153
Deferred tax assets	10	-	1,498
Other assets	17	79,235	49,493
TOTAL ASSETS		6,212,106	4,941,708
LIABILITIES AND EQUITY			
LIABILITIES			
Borrowings	18	4,862,380	3,879,284
Subordinated loan	19	93,453	94,376
Lease liabilities	16	32,964	37,299
Advances received from customers		78,963	52,480
Deferred tax liability	10	9,492	-
Other liabilities	20	177,160	111,044
		5,254,412	4,174,483
EQUITY:			
Share capital	21	700,000	250,000
Retained earnings		257,694	517,225
		957,694	767,225
TOTAL LIABILITIES AND EQUITY		6,212,106	4,941,708

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20 February 2025
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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	300,592	550,592
Comprehensive income				
Profit		-	216,633	216,633
Total comprehensive income		-	216,633	216,633
Balance at 31 December 2023		250,000	517,225	767,225
Comprehensive income				
Profit		-	242,306	242,306
Total comprehensive income		-	242,306	242,306
Transactions with the Shareholders				
Dividends paid	21	-	(51,837)	(51,837)
Increase in share capital	21	450,000	(450,000)	-
Total transactions with the Shareholders		450,000	(501,837)	(51,837)
Balance at 31 December 2024		700,000	257,694	957,694

On behalf of the Management:


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20 February 2025
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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	8	39,516	34,212
Loss on foreign currency transactions	7	(304)	(1,347)
Payments on operations with financial instruments	6	(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	10	<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	15	<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	21	(51,837)	-
Proceeds from borrowings	18	3,540,440	2,929,030
Repayment of borrowings	18	(2,562,146)	(1,938,019)
Repayment of lease liabilities		<u>(31,736)</u>	<u>(26,635)</u>
Net cash inflow from financing activities:		<u>894,721</u>	<u>964,376</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>9,117</u>	<u>224,429</u>
Effect of foreign exchange translation difference on cash and cash equivalents		<u>(4,142)</u>	<u>(1,041)</u>
CASH AND CASH EQUIVALENTS, at the beginning of the year	11	<u>389,645</u>	<u>166,257</u>
CASH AND CASH EQUIVALENTS, at the end of the year	11	<u>394,620</u>	<u>389,645</u>

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

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