

Keremet Bank OJSC

Financial statements

*For the year ended 31 December 2024
and independent auditor's report*

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

Management is responsible for the preparation of the financial statements that present fairly the financial position of Keremet Bank OJSC ("the Bank") as at 31 December 2024, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

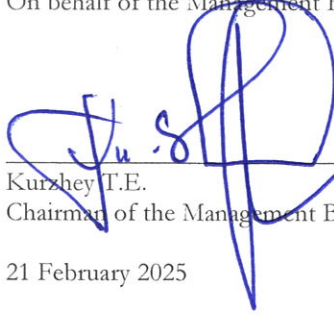
- Properly selecting and applying appropriate accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with separate IFRS requirements is insufficient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

The Bank's 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 accounting records in compliance with the legislation of the Kyrgyz Republic and IFRS;
- Taking all reasonably available measures to safeguard the assets of the Bank; and
- Preventing and detecting fraud and other irregularities.

These financial statements for the year ended 31 December 2024 were approved by the Management Board of the Bank on 21 February 2025.

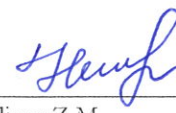
On behalf of the Management Board of the Bank:


Kurzhay T.E.
Chairman of the Management Board

21 February 2025

Bishkek
Kyrgyz Republic




Nuralieva Z.M.
Deputy Chief Accountant

21 February 2025

Bishkek
Kyrgyz Republic

Independent auditor's report

To the shareholders and Board of Directors of Keremet Bank Open Joint Stock Company

Opinion

We have audited the financial statements of Keremet Bank Open Joint Stock Company (hereinafter – the Bank), which comprise the statement of financial position as of 31 December 2024, and the statement of profit and 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 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”). 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 Bank in accordance 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.

Significant uncertainty about going concern

We draw attention to Note 33 to the financial statements, which describes the impact of the effects of sanctions imposed by the U.S. Treasury Department. As a result of these sanctions, the Bank has now temporarily suspended the issuance of new loans and closed the accounts of correspondent banks. These and other circumstances set out in Note 33 indicate the existence of material uncertainties that could raise significant doubts about the Bank's ability to continue as a going concern. We do not express a modified opinion on this issue.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for expected credit losses

Note 3 of the financial statements discloses accounting policies and Note 28 discloses credit risk analysis.

The allowance for expected credit losses has been considered a key audit matter due to the significance of the loans as well as the subjectivity of the assumptions underlying the impairment assessment. The application of different judgements and assumptions could result in significant differences in the results of the allowance for expected credit losses, which could have a material impact on the Bank's financial results.

Key areas of judgment included: the assessment of the business model within which the assets are held, the assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding, the interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Bank's expected credit loss model, the identification of exposures with a significant deterioration in credit quality, assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward looking macroeconomic factors and the need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.

With regard to the classification and measurement of financial assets and financial liabilities, our audit procedures included the following;

- We reviewed the classification and measurement of the Bank's financial assets and financial liabilities policies based on IFRS 9 and compared them with the requirements of IFRS 9;
- We assessed the design and tested the operational effectiveness of appropriate controls over the data used to determine the allowance for impairment, including transactional data obtained at loan origination, current internal credit quality assessments, other data related to the expected credit loss model;
- We assessed the design and operational effectiveness of appropriate controls over the expected credit loss model, including model construction and validation, ongoing monitoring/validation of model management and mathematical accuracy;
- We tested the appropriateness of the Bank's definition of a significant increase in credit risk and the basis for categorising exposures into different stages;
- For the forecast assumptions used by the Bank's management in their ECL calculations, we held discussions with management and validated the assumptions using publicly available information about macroeconomical indicators in the Kyrgyz Republic;
- We verified the completeness of loans, investment securities, deposits and funds in other financial institutions included in the ECL calculations as at 31 December 2024;
- We understood the theoretical soundness and tested the mathematical integrity of the models;
- We verified the correctness of the opening balance sheet adjustments;
- We assessed the accuracy of the disclosures in the financial statements.

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 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.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Responsibilities of Auditor 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 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 that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

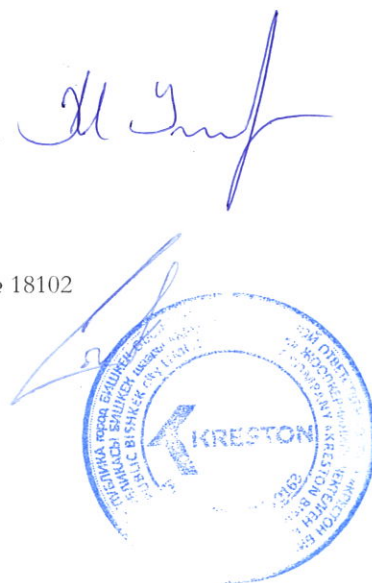
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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.

February 21, 2025

Kreston Bishkek LLC,
Registered in the "Register of audit organizations
admitted to audit public interest entities, large business
entities" of the Unified State Register of Auditors, Audit
Organizations and Professional Audit Associations
under the Financial Market Regulation and Supervision
Service under the Ministry of Economy and Commerce
of the Kyrgyz Republic, IRN No. 2101006.

Audit Partner
Dzhunusov Ulukman, IRN № 11171
Managing partner
Abduvaliev Zarylbek, FCCA, IRN № 18102

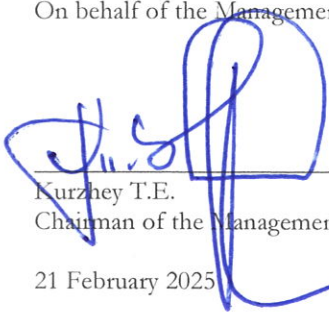
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STATEMENT OF FINANCIAL POSITION**As at 31 December 2024***(in thousands of Kyrgyz Som)*


	<i>Notes</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Assets			
Cash and cash equivalents	5	5,181,164	4,036,696
Amounts due from banks and other financial institutions		17,134	8,733
Loans to customers	7	6,757,283	6,905,255
Assets held for sale	12	835,747	908,865
Investment securities at fair value through other comprehensive income	8	1,057,109	728,113
Investment securities at amortized cost	8	1,734,650	1,117,688
Investments in associates		15,006	15,006
Property and equipment	9	339,207	354,072
Intangible assets	9	78,792	125,865
Right-of-use assets	10	164,863	92,796
Income tax asset		93	93
Other assets	11	354,666	144,158
Total assets		16,535,714	14,437,340
Liabilities and equity			
Liabilities			
Derivative financial liabilities	6	-	9,769
Other borrowed funds	13	662,132	547,215
Amounts due to financial institutions	14	68,850	72,345
Amounts due to customers	15	6,697,167	5,690,116
Lease liabilities	10	166,533	84,563
Deferred income tax liabilities	25	102,604	13,483
Other liabilities	16	137,478	125,193
Total liabilities		7,834,764	6,542,684
Equity			
Share capital	17	8,698,746	8,698,746
Provision for revaluation of financial assets measured at fair value through other comprehensive income		43,991	(15,160)
Property and equipment revaluation reserve		155,426	159,689
Accumulated loss		(197,213)	(948,619)
Total equity		8,700,950	7,894,656
Total liabilities and equity		16,535,714	14,437,340

On behalf of the Management Board of the Bank



Kurzhay T.E.
Chairman of the Management Board

21 February 2025

Bishkek
Kyrgyz Republic


Nuralieva Z.M.
Deputy Chief Accountant

21 February 2025

Bishkek
Kyrgyz Republic

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**For the year ended 31 December 2024***(in thousands of Kyrgyz Som)*

	Notes	2024	2023
Interest income calculated using effective interest rate		1,481,818	1,211,301
Other interest income		209,895	154,198
Interest expense		(354,660)	(354,988)
Net interest income	18	1,337,053	1,010,511
Credit loss recovery	19	220,363	544,892
Net interest income after credit loss expense		1,557,416	1,555,403
Fee and commission income	20	174,899	186,602
Fee and commission expenses	20	(143,081)	(135,642)
Net (losses)/gains from financial instruments at fair value through profit or loss		6,188	12,588
Net gains from transactions with foreign currencies	21	206,693	104,968
Other income	22	10,658	16,441
Non-interest income		255,357	184,957
Operating expenses	24	(953,577)	(765,152)
Other losses from impairment and recognition of provisions		(749)	40,722
Other expenses	23	(22,183)	(50,313)
Non-interest expense		(976,509)	(774,743)
Profit before income tax expense		836,264	965,617
Income tax benefit / (expense)	25	(89,121)	-
Profit for the year		747,143	965,617
Attributable to:			
- shareholders of the Bank		747,143	965,617
- non-controlling interests		-	-
		747,143	965,617
Other comprehensive loss			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Net change in fair value of debt instruments at fair value through other comprehensive income		57,400	(1,073)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income		1,751	5,532
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Revaluation of buildings		-	81,632
Other comprehensive loss for the year, net of taxes		59,151	86,091
Total comprehensive income for the year		806,294	1,051,708
Attributable to:			
- shareholders of the Bank		806,294	1,051,708
- non-controlling interests		-	-
		806,294	1,051,708
Earnings per share, som	17	8.59	11.10

On behalf of the Management Board of the Bank

Kurzhey T.E.
Chairman of the Management Board
21 February 2025
Bishkek
Kyrgyz Republic



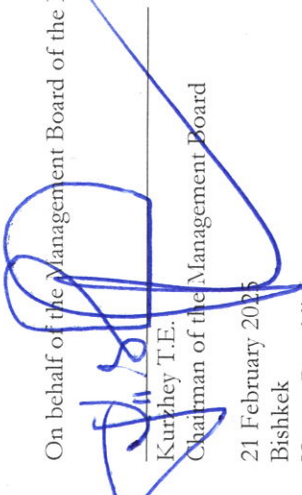
Nuralieva Z.M.
Deputy Chief Accountant
21 February 2025
Bishkek
Kyrgyz Republic

The accompanying notes 1-33 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2024***(in thousands of Kyrgyz Som)*

	Reserve funds					
	Share capital	Additional paid-in capital	Provision for revaluation of financial assets measured at fair value through other comprehensive income	Property and equipment revaluation reserve	Accumulated loss	Total equity
As at 1 January 2023	8,698,746	—	(19,619)	80,339	(1,916,518)	6,842,948
Net profit for the year	—	—	—	—	965,617	965,617
Other comprehensive income	—	—	4,459	81,632	—	86,091
Total comprehensive loss for the year	—	—	4,459	81,632	965,617	1,051,708
Transfer of property and equipment revaluation reserve as a result of depreciation and disposal	—	—	—	(2,282)	2,282	—
As at 31 December 2023	8,698,746	—	(15,160)	159,689	(948,619)	7,894,656
Net profit for the year	—	—	—	—	747,143	747,143
Other comprehensive loss	—	—	59,151	—	—	59,151
Total comprehensive income for the year	—	—	59,151	—	747,143	806,294
Transfer of property and equipment revaluation reserve as a result of depreciation and disposal	—	—	—	(4,263)	4,263	—
As at 31 December 2024	8,698,746	—	43,991	155,426	(197,213)	8,700,950

On behalf of the Management Board of the Bank:


 Kurzhay T.E.
 Chairman of the Management Board
 21 February 2025
 Bishkek
 Kyrgyz Republic





Nuralieva Z.M.
 Deputy Chief Accountant

21 February 2025
 Bishkek
 Kyrgyz Republic

The accompanying notes 1-33 are an integral part of these financial statements.


STATEMENT OF CASH FLOWS**For the year ended 31 December 2024***(in thousands of Kyrgyz Som)*

	<i>Notes</i>	<i>2024</i>	<i>2023</i>
Cash flows from operating activities			
Interest received		1,464,702	1,280,712
Interest paid		(309,717)	(296,625)
Fees and commissions received		174,899	186,602
Fees and commissions paid		(143,081)	(135,642)
Realised gains less losses from foreign currency transactions		196,751	84,795
Realised gains less losses from financial instruments at fair value through profit or loss		6,460	17,954
Administrative and other operating expenses paid		(724,103)	(514,718)
Other operating income received		9,469	15,964
Cash flows from operating activities before changes in operating assets and liabilities		675,380	639,042
Net change in operating assets and liabilities			
Amounts due from banks and other financial institutions		(8,863)	3,208
Loans to customers		16,096	(472,944)
Assets held for sale		335,906	29,176
Other assets		(213,853)	66,854
Amounts due to financial institutions		(1,036)	(51,689)
Amounts due to customers		1,062,631	43,332
Derivative financial liabilities		(10,042)	(14,263)
Other liabilities		(18,076)	(81,034)
Net cash flows from operating activities before income tax		1,838,143	161,682
Income tax paid		—	—
Net cash flows from / (used in) operating activities		1,838,143	161,682
Cash flows from investing activities			
Purchase of investment securities		(1,768,655)	(20,000)
Proceeds from sale and redemption of investment securities		1,042,705	—
Acquisition of property and equipment and intangible assets		385	(42,714)
Proceeds from sale of property and equipment		174	56
Net cash used in investing activities		(725,391)	(62,658)


STATEMENT OF CASH FLOWS**For the year ended 31 December 2024***(in thousands of Kyrgyz Som)*

	Notes	2024	2023
Cash flows from financing activities			
Proceeds from other borrowed funds	13	173,542	429,862
Lease payments	10	(73,272)	(72,826)
Net cash used in financing activities		<u>100,270</u>	<u>357,036</u>
Effect of allowance for expected credit losses on cash and cash equivalents		1,798	5,751
Effect of exchange rates changes on balance of cash and cash equivalents denominated in foreign currencies		(70,352)	20,798
Net increase/(decrease) in cash and cash equivalents		<u>1,144,468</u>	<u>482,609</u>
Cash and cash equivalents, beginning		<u>4,036,696</u>	<u>3,554,087</u>
Cash and cash equivalents, ending	5	<u>5,181,164</u>	<u>4,036,696</u>

On behalf of the Management Board of the Bank


 Kurzhey T.E.
 Chairman of the Management Board
 21 February 2025
 Bishkek
 Kyrgyz Republic




 Nuralieva Z.M.
 Deputy Chief Accountant
 21 February 2025
 Bishkek
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