

Statement of profit or loss and other comprehensive income

| In thousand Kyrgyz som | Notes | Year ended 31 December 2018 | Year ended 31 December 2017 |
|---|-------|--------------------------------|--------------------------------|
| Interest and similar income | 7 | 290,295 | 262,257 |
| Interest and similar expense | 7 | (93,765) | (87,434) |
| Net interest income | | 196,530 | 174,823 |
| Fee and commission income | 8 | 99,143 | 86,613 |
| Fee and commission expense | 8 | (18,615) | (19,451) |
| Net fee and commission income | | 80,528 | 67,162 |
| Net losses from transactions in foreign currencies | 9 | 42,857 | 45,206 |
| Net gains/(losses) on financial assets at fair value through profit or loss | | 210 | (30) |
| Other income | | 4,529 | 6,220 |
| Credit impairment losses/reversal | 10 | (6,907) | 13,667 |
| Personnel expenses | 11 | (160,918) | (137,375) |
| Depreciation and amortization | 21 | (20,034) | (17,231) |
| Other expenses | 12 | (88,041) | (95,318) |
| Profit before income tax | | 48,754 | 57,124 |
| Income tax expense | 13 | (3,977) | (6,929) |
| Profit for the year | | 44,777 | 50,195 |
| Other comprehensive income: | | | |
| <i>Items that will be reclassified subsequently to profit or loss</i> | | | |
| <i>Movement in fair value reserve</i> | | | |
| Net change in fair value during the year | | 148 | N/A |
| <i>Movement in fair value reserve (available –for-sale)</i> | | | |
| Net unrealized gains/(loss) from changes in fair value from available-for-sale financial assets | | N/A | (59) |
| Other comprehensive income for the year | | 148 | (59) |
| Total comprehensive income for the year | | 44,925 | 50,136 |
| Earnings per share | 14 | | |
| Basic | | 72.22 | 125 |

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 70.

Statement of financial position

In thousand Kyrgyz som

| | Notes | As of 31 December 2018 | As of 31 December 2017 |
|--|-------|---------------------------|---------------------------|
| Assets | | | |
| Cash and cash equivalents | 15 | 707,467 | 553,252 |
| Amounts due from other financial institutions | 16 | 86,113 | 54,996 |
| Financial assets at fair value through profit or loss | 18 | 30,066 | - |
| Loans and advances to customers | 19 | 1,658,583 | 1,139,362 |
| Investment securities | 20 | | |
| - Investments available for sale | | N/A | 256 |
| - Investments held to maturity | | N/A | 238,968 |
| - Investment securities at fair value through other comprehensive income | | 403 | N/A |
| - Investment securities at amortised cost | | 252,950 | N/A |
| Property and equipment and Intangible assets | 21 | 190,236 | 184,402 |
| Long-term assets available for sale | 22 | 31,907 | 38,717 |
| Other assets | 23 | 17,282 | 28,890 |
| Total assets | | 2,975,007 | 2,238,843 |
| Liabilities and equity | | | |
| Liabilities | | | |
| Amounts due to financial institutions | 24 | 571,335 | 417,517 |
| Derivative financial liabilities | 17 | 23 | 1,195 |
| Amounts due to customers | 25 | 1,653,486 | 1,265,247 |
| Current income tax liabilities | | 4,631 | 1,513 |
| Deferred income tax liabilities | 13 | 1,880 | 1,118 |
| Other liabilities | 26 | 48,560 | 44,013 |
| Total liabilities | | 2,279,915 | 1,730,603 |
| Equity | | | |
| Share capital | 27 | 620,000 | 400,000 |
| Additional paid up capital | | - | 25,000 |
| Fair value reserve | | (243) | (391) |
| Retained earnings | | 75,335 | 83,631 |
| Total equity | | 695,092 | 508,240 |
| Total liabilities and equity | | 2,975,007 | 2,238,843 |



The financial statements were approved on March 2, 2019 by:

Atakishieva Zarnira

Chairman

Kustebaeva Nazira

Chief accountant

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 70.

Statement of changes in equity

| In thousand Kyrgyz som | Year ended 31 December 2018 | | | | Total |
|--|-----------------------------|----------------------------|--------------------|-------------------|---------|
| | Share capital | Additional paid up capital | Fair value reserve | Retained earnings | |
| Balance as of 31 December 2017 | 400,000 | 25,000 | (391) | 83,631 | 508,240 |
| Impact of adopting IFRS 9 (note 6) | - | - | - | 30,558 | 30,558 |
| Restated balance at 1 January 2018 | 400,000 | 25,000 | (391) | 114,189 | 538,798 |
| Profit for the year | - | - | - | 44,777 | 44,777 |
| Other comprehensive income: | | | | | |
| Net change in fair value of instrument at FVOCI | - | - | 148 | - | 148 |
| Total comprehensive income for the year | - | - | 148 | 44,777 | 44,925 |
| Increase in share capital | 220,000 | (25,000) | - | (83,631) | 111,369 |
| Transactions with owners | 220,000 | (25,000) | - | (83,631) | 111,369 |
| Balance as of 31 December 2018 | 620,000 | - | (243) | 75,335 | 695,092 |
| Balance as of 1 January 2017 | 400,000 | 17,000 | (332) | 33,436 | 450,104 |
| Profit for the year | - | - | - | 50,195 | 50,195 |
| Other comprehensive income: | | | | | |
| Net unrealized gains/(loss) from changes in fair value | - | - | (59) | - | (59) |
| Total comprehensive income for the year | - | - | (59) | 50,195 | 50,136 |
| Increase in share capital | - | 8,000 | - | - | 8,000 |
| Transactions with owners | - | 8,000 | - | - | 8,000 |
| Balance as of 31 December 2017 | 400,000 | 25,000 | (391) | 83,631 | 508,240 |

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 70.

Statement of cash flows

| In thousand Kyrgyz som | Year ended 31 December 2018 | Year ended 31 December 2017 |
|--|--------------------------------|--------------------------------|
| Cash flows from operating activities | | |
| Interest received | 284,263 | 259,949 |
| Interest paid | (97,700) | (91,007) |
| Commissions received | 99,053 | 85,745 |
| Commissions paid | (15,778) | (12,261) |
| Proceeds from operations with foreign currency | 45,882 | 46,415 |
| Other income received | 4,148 | 4,586 |
| General administrative expenses paid | (251,930) | (231,984) |
| Cash flows from operating activities before changes in operating assets and liabilities | 67,938 | 61,443 |
| <i>Change in operating assets</i> | | |
| Amounts due from other financial institutions | (30,250) | (13,281) |
| Loans and advances to customers | (450,041) | (91,991) |
| Other assets | 11,608 | 84,564 |
| <i>Change in operating liabilities</i> | | |
| Amounts due to financial institutions | 153,134 | 73,043 |
| Amounts due to customers | 388,239 | (140,424) |
| Other liabilities | 4,547 | 4,715 |
| Net cash from/(used in) operating activities before income tax | 145,175 | (21,931) |
| Income tax paid | (3,163) | (6,298) |
| Net cash from/(used in) operating activities | 142,012 | (28,229) |
| | | |
| Acquisition of investments | (1,087,917) | (942,504) |
| Sale of investments | 1,043,467 | 906,151 |
| Purchase of fixed assets and intangible assets | (26,558) | (20,149) |
| Sale of fixed assets and intangible assets | 58 | 190 |
| Net cash used in investing activities | (70,950) | (56,312) |

| In thousand Kyrgyz som | Year ended 31 December 2018 | Year ended 31 December 2017 |
|---|--------------------------------|--------------------------------|
| Cash flow from financing activities | | |
| Proceeds from issue of share capital | 111,369 | 8,000 |
| Net cash flow from financing activities | 111,369 | 8,000 |
| | | |
| Net increase/(decrease) in cash and cash equivalents | 182,431 | (76,541) |
| | | |
| Cash and cash equivalents at the beginning of the year | 553,252 | 651,059 |
| Exchange differences on cash and cash equivalents | (28,216) | (21,266) |
| Cash and cash equivalents at the end of the year | 707,467 | 553,252 |

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 70.

3 Basis of preparation

3.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The Bank prepares its financial statements in accordance with the regulatory requirements of the Kyrgyz Republic. These financial statements are based on the Bank's books and records as adjusted and reconciled to comply with IFRS.

3.2 Basis of measurement

The financial statements have been prepared on a fair value basis. The financial statements are measured at fair value through profit or loss and at fair value through other comprehensive income. Before 1 January 2018, assets for sale were measured at their carrying amount and liabilities are stated at amortised cost and non-financial assets and liabilities are stated at historical cost, with the exception of buildings, which are stated at revalued amount.

3.3 Functional and presentation currency

The functional currency of the bank is the currency of the primary economic environment in which the bank operates. The Bank's functional currency and the Organisation's presentation currency is Kyrgyz som (KGS), since the currency best reflects the economic substance of the underlying events and transactions of the bank. The financial statements are presented in thousands of KGS, unless otherwise stated, which is the same as the amount in the Kyrgyz Republic.