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Independent Auditors' Report

To the Board of Directors and Shareholders of Optima Bank OJSC

Opinion

We have audited the financial statements of Optima Bank OJSC (the "Bank"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the requirements prescribed in the Regulation on Minimum Requirements to External Audit of Banks and Other Financial and Credit Institutions, Licensed by the NBKR ("NBKR") approved by the Order of the NBKR Management Board No.2017-П-12/25-2 on 15 June 2017 (last revised on 14 August 2019) (the "NBKR requirements"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (*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 these 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.



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.

Expected credit losses (ECL) for loans to customers

Please refer to the Notes 4, 16 and 25 in the financial statements.

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Loans to customers represent 42% of assets and are stated net of allowance for expected credit losses (ECL).</p> <p>The Bank applies the ECL valuation model, which requires management to apply professional judgement and to make assumptions related to the following key areas:</p> <ul style="list-style-type: none"> — timely identification of significant increase in credit risk and default events related to loans to customers (allocation between stages 1, 2 and 3 in accordance with the IFRS 9); — assessment of probability of default (PD) and loss given default (LGD); — expected cash flows forecast for loans to customers classified in stage 3. <p>Due to the significant volume of loans to customers and the related estimation uncertainty in estimating of ECL allowance, this area is a key audit matter.</p>	<p>We analysed the key aspects of the Bank's methodology and policies related to the ECL estimate for compliance with the requirements of IFRS 9, with the involvement of financial risks management specialists.</p> <p>To analyse the adequacy of professional judgement and assumptions made by the management in relation to the allowance for ECL estimate, we performed the following audit procedures:</p> <ul style="list-style-type: none"> — We tested design and operating effectiveness of controls over allocation of loans into stages. — For a sample of loans to customers, for which the potential changes in ECL estimate may have a significant impact on the financial statements, we tested whether stages are correctly assigned by the Bank by analysing financial and non-financial information, as well as assumptions and professional judgements, applied by the Bank. — For a sample of loans to customers, for which the allowance for ECL is estimated individually, we tested the correctness of input data used to determine PD and LGD. — Regarding loans issued to customers and assigned to stages 1 and 2, for which the allowance for ECL is estimated collectively, we tested the design and implementation of the related credit risk models with involvement of our credit risk management specialists, and agreeing input data to supporting documents on a sample basis. — For a sample of stage 3 loans for which the allowance for ECL is estimated individually and which mostly comprise loans to legal entities, we critically assessed assumptions used by the Bank to forecast future cash flows, including estimated proceeds from realisable collateral and their timing based on our understanding and publicly available market information. We specifically focused on exposures which potentially may have the most significant impact on the financial statements.



	<p>— We assessed the predictive capability of the Bank's methodology used for ECL assessment by comparing the estimates made as at 1 January 2022 with actual results for 2022.</p> <p>We also assessed whether the financial statements disclosures appropriately reflect the Bank's exposure to credit risk.</p>
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Other information

Management is responsible for the other information. The other information comprises the information included in the report for the annual general meeting of shareholders, but does not include the financial statements and our auditors' report thereon. The report for the annual general meeting of shareholders is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 Standards, 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.

Auditors' 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 auditors' 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 and NBKR requirements 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 scepticism 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 auditors' 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 auditors' 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or 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 auditors' 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 auditors' report is:

Andrei Kuznetsov
Audit Partner

Sergey Nezdemkovskiy
Certified Auditor of the Kyrgyz Republic,
Auditor's Qualification Certificate
Serial AD, No. 0544 of 6 June 2022



17 March 2023

Optima Bank OJSC
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022

	Note	2022 KGS'000	2021 KGS'000
Interest income calculated using effective interest method	5	3,957,189	3,608,330
Other interest income	5	40,166	44,446
Interest expense	5	(872,240)	(1,175,214)
Net interest income		3,125,115	2,477,562
Fee and commission income	6	1,507,540	1,007,594
Fee and commission expense	7	(1,092,448)	(699,250)
Net fee and commission income		415,092	308,344
Net income on financial instruments at fair value through profit or loss		58,855	94,013
Net foreign exchange gain	8	2,313,169	524,407
Other operating income		6,078	9,258
Operating income		5,918,309	3,413,584
Reversal/(charge) of impairment loss on debt financial assets	9	57,999	(277,254)
Personnel expenses	10	(1,403,928)	(1,098,575)
Other general and administrative expenses	11	(817,109)	(632,553)
Reversal/(charge) of impairment loss on financial guarantee contracts		17,547	(18,827)
Charge of impairment losses on other assets		(55,847)	(16,386)
Profit before income tax		3,716,971	1,369,989
Income tax expense	12	(398,593)	(137,064)
Profit and total comprehensive income for the year		3,318,378	1,232,925
Earnings per share			
Basic and diluted earnings per share, in KGS	24	158.02	58.71

The financial statements were approved by management on 17 March 2023.

Mr. B. Kapyshev

Chairman of the Management Board



Ms. D. Osmonova

Chief Accountant

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.

Optima Bank OJSC
Statement of Financial Position as at 31 December 2022

	Note	31 December 2022 KGS'000	31 December 2021 KGS'000
ASSETS			
Cash and cash equivalents	13	23,400,230	43,817,259
Investment securities	14	1,109,922	1,383,044
Loans and advances to banks and other financial institutions	15	977,341	585,777
Loans to customers			
- Loans to corporate customers	16	18,458,975	20,974,323
- Loans to retail customers	16	2,663,499	3,034,879
Property, plant and equipment and intangible assets	17	1,373,644	1,172,507
Other assets	18	1,859,105	1,455,150
Total assets		49,842,716	72,422,939
LIABILITIES			
Financial instruments at fair value through profit or loss		8,305	81,323
Deposits and balances from banks and other financial institutions	19	323,910	363,072
Current accounts and deposits from customers			
Current accounts and deposits from corporate customers	20	16,045,567	40,091,458
- Current accounts and deposits from retail customers	20	18,619,293	18,516,215
Other borrowed funds	21	2,196,444	4,428,362
Deferred tax liabilities	12	292,266	95,680
Other liabilities	22	1,014,688	822,964
Total liabilities		38,500,473	64,399,074
EQUITY			
Share capital	23	1,050,000	1,050,000
Retained earnings		10,292,243	6,973,865
Total equity		11,342,243	8,023,865
Total liabilities and equity		49,842,716	72,422,939

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements.

Optima Bank OJSC
Statement of Cash Flows for the year ended 31 December 2022

	2022	2021
	KGS'000	KGS'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	3,813,151	3,599,417
Interest payments	(885,462)	(1,185,598)
Fee and commission receipts	1,505,259	1,010,152
Fee and commission payments	(1,064,508)	(666,952)
Net (disposals)/receipts from financial instruments at fair value through profit or loss	(94,101)	83,497
Net receipts from foreign exchange	2,333,167	519,619
Other income receipts	6,580	11,084
Personnel and other general administrative expenses payments	(2,025,028)	(1,433,677)
(Increase)/decrease in operating assets		
Loans and advances to banks and other financial institutions	(528,422)	(297,262)
Loans to customers	2,836,066	(49,470)
Other assets	153,550	(436,042)
Increase/(decrease) in operating liabilities		
Deposits and balances from banks and other financial institutions	(43,718)	96,495
Current accounts and deposits from customers	(24,608,835)	30,123,340
Net cash (used in)/from operating activities before income tax	(18,602,301)	31,374,603
Income tax paid	(221,990)	(70,329)
Cash flows (used in)/from operations	(18,824,291)	31,304,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment securities	(334,383)	(469,132)
Proceeds from repayment of investment securities	642,000	405,561
Purchases of property, plant and equipment and intangible assets	(285,784)	(221,099)
Cash flows from/(used in) investing activities	21,833	(284,670)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of other borrowed funds (Note 21)	140,759	503,987
Repayment of other borrowed funds	(2,353,703)	(3,773,661)
Dividends paid (Note 23(b))	-	(2)
Payments under lease agreements	(98,309)	(82,180)
Cash flows used in financing activities	(2,311,253)	(3,351,856)
Net (decrease)/increase in cash and cash equivalents	(21,113,711)	27,667,748
Effect of changes in exchange rates on cash and cash equivalents	704,662	84,989
Effect of changes in ECL on cash and cash equivalents	(7,980)	(388)
Cash and cash equivalents at the beginning of the year	43,817,259	16,064,910
Cash and cash equivalents at the end of the year (Note 13)	23,400,230	43,817,259

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements.

Optima Bank OJSC
Statement of Changes in Equity for the year ended 31 December 2022

KGS'000	Share capital	Retained earnings	Total equity
Balance at 1 January 2022	1,050,000	6,973,865	8,023,865
Total comprehensive income			
Profit for the year	-	3,318,378	3,318,378
Total comprehensive income for the year	-	3,318,378	3,318,378
Balance at 31 December 2022	1,050,000	10,292,243	11,342,243
Balance at 1 January 2021	1,050,000	5,740,940	6,790,940
Total comprehensive income			
Profit for the year	-	1,232,925	1,232,925
Total comprehensive income for the year	-	1,232,925	1,232,925
Balance at 31 December 2021	1,050,000	6,973,865	8,023,865

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements.