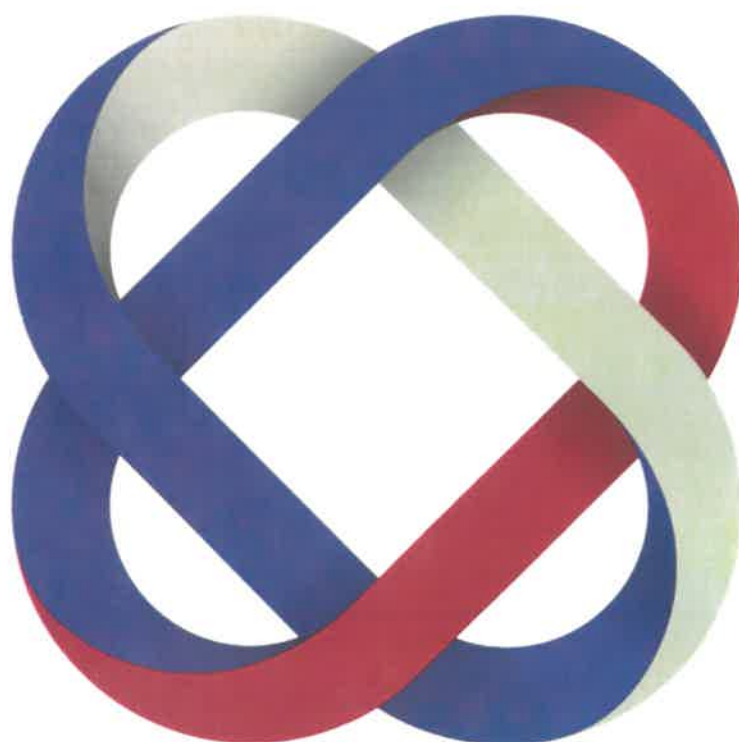


# **Financial Statements and Independent Auditor's Report**

## **Russian-Kyrgyz Development Fund**

December 31, 2022



# Contents

Independent auditor's report	3
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10

# Independent auditor's report

---

ОсОО Грант Торнтон

КР, 720001 Бишкек,  
ул. Токтогула 125/1

T. +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](http://www.grantthornton.kg)

To the Council of the Russian-Kyrgyz Development Fund

## ***Opinion***

We have audited the financial statements of Russian-Kyrgyz Development Fund (hereinafter - the "Fund"), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or 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 Fund as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting framework described in Note 3 to the financial statements.

## ***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 Fund 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## ***Essential Circumstances***

We draw attention to Note 16 "Other assets" to the accompanying financial statements, which discloses information on the other financial assets of the Fund and related valuation allowances against these funds. In particular, the Fund's provisions for other financial assets have been based on judgements and estimates from both external and internal sources, some of which are unobservable and related to the geopolitical environment surrounding the conflict in Ukraine. The final amount of reserves will depend on many factors, some of which are outside the control of the Fund, and consequently the reserves created may ultimately differ from the judgement applied. We do not express a modified opinion on this matter.



## ***Other information included in the annual report of the Fund for 2022***

Other information comprises the information contained in the Foundation's Annual Report 2022, but does not include the financial statements and our auditor's report thereon. The other information is the responsibility of management.

The Fund's Annual Report 2022 is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do 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.

## ***Обязанности руководства и лиц, отвечающих за корпоративное управление, за финансовую отчетность***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting principles described in Note 3 to these financial statements 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those responsible for corporate governance are responsible for overseeing the Fund's financial reporting process.

## ***Auditor's responsibility 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.

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



March 22, 2023  
Bishkek

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

# Statement of profit or loss and other comprehensive income

In thousands of US dollars

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Interest revenue calculated using the effective interest rate	6	8,776	12,870
Interest expense	6	(1,384)	(1,331)
<b>Net interest income</b>		<b>7,392</b>	<b>11,539</b>
Expense for loan losses	7	4,571	(691)
<b>Net interest income after losses on loans</b>		<b>11,963</b>	<b>10,848</b>
Net fee and commission income		59	22
Net income/(loss) from foreign currencies	8	(1,763)	2
Total administrative expenses	9	(4,412)	(4,318)
<b>Profit/(Loss) before tax</b>		<b>5,847</b>	<b>6,554</b>
Income tax expense		-	-
<b>Profit/(Loss) for the year</b>		<b>5,847</b>	<b>6,554</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>5,847</b>	<b>6,554</b>

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 10 to 71.

# Statement of financial position

In thousands of US dollars

	Notes	As of December 31, 2022	As of December 31, 2021
<b>Assets</b>			
Cash and cash equivalents	10	60,355	13,990
Amounts due from the National Bank of the Kyrgyz Republic	17	39,728	43,335
Amounts due from banks	11	40,844	1,390
Loans provided to FCI	12	67,283	78,431
Loans to customers	13	130,624	104,051
Investment securities	14	80,711	340,482
Property, plant and equipment, intangible assets and right of use assets	15	72	91
Other assets	16	153,246	502
Total assets		572,863	582,272
<b>Liabilities and equity</b>			
Amounts due to the National Bank of the Kyrgyz Republic	17	29,491	32,453
Other liabilities	18	6,950	8,569
Total liabilities		36,441	41,022
<b>Equity</b>			
Share capital	19	500,000	500,000
Retained earnings		36,422	41,250
Total equity		536,422	541,250
Total liabilities and equity		572,863	582,272

Financial statements were approved and signed on March 22, 2023 by:

Mr. A. Novikov

Chairman of the Management Board

Ms. O. Nam

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 10 to 71.



# Statement of changes in equity

In thousands of US dollars

	Share capital	Additional paid up capital	Total
Balance at January 1, 2021	500,000	34,886	534,886
Profit for the year	-	6,554	6,554
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	6,554	6,554
Use of the Project Preparation and Support Fund (Note 19)	-	(190)	(190)
Balance as of December 31, 2021	500,000	41,250	541,250
Profit for the year	-	5,847	5,847
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	5,847	5,847
Allowance for other financial assets	-	(10,616)	(10,616)
Use of the Project Preparation and Support Fund (Note 19)	-	(59)	(59)
Balance as of December 31, 2022	500,000	36,422	536,422

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 10 to 71.



# Statement of cash flows

In thousands of US dollars

	As of December 31, 2022	As of December 31, 2021
<i>Cash flows from operating activities</i>		
Interest received	15,740	9,927
Interest paid	(1,395)	(1,527)
Commissions received	64	47
General administrative expenses paid	(3,983)	(3,513)
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>	<u>10,426</u>	<u>4,934</u>
<i>(Increase)/decrease in operating assets</i>		
Amounts due from the National Bank of the Kyrgyz Republic	3,550	-
Amounts due from banks	(39,562)	(1,390)
Loans issued to FCIs	11,049	8,828
Loans to customers	(21,376)	(1,850)
Other assets	(103)	(458)
Increase/(decrease) in operating liabilities		
Loans to the National Bank of the Kyrgyz Republic	(2,613)	-
Other liabilities	(1,206)	2,433
<b>Net cash from operating activities</b>	<u><b>(39,835)</b></u>	<u><b>12,497</b></u>
<i>Cash flows from investing activities</i>		
Purchase of investment securities	(13,047)	(156,493)
Sale and redemption of investment securities	99,900	147,861
Purchase of property, plant and equipment and intangible assets	(25)	(24)
<b>Net cash flow from/(used) in investing activities</b>	<u><b>86,828</b></u>	<u><b>(8,656)</b></u>
<i>Cash flow from financing activities</i>		
Repayment of lease liabilities	(333)	(383)
<b>Net cash flows used in financing activities</b>	<u><b>(333)</b></u>	<u><b>(383)</b></u>
Effect of exchange rate changes on cash and cash equivalents	6	(3)
<b>Net increase in cash and cash equivalents</b>	<u><b>46,666</b></u>	<u><b>3,455</b></u>
Cash and cash equivalents at the beginning of the year	13,990	10,535
<b>Cash and cash equivalents at the end of the year (Note 10)</b>	<u><b>60,656</b></u>	<u><b>13,990</b></u>

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 10 to 71.