JOINT-STOCK COMMERCIAL BANK C TURKMENISTAN "TURKMENBASHI"

Financial Statements
for the year ended December 31, 2024

and Independent Auditor's Report

BDO

JOINT-STOCK COMMERCIAL BANK OF TURKMENISTAN "TURKMENBASHI"

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JOINT-STOCK COMMERCIAL BANK OF TURKMENISTAN "TURKMENBASHI"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

The following statement, which should be read in conjunction with the independent Auditor's responsibilities stated in the independent auditor's report, is made with a view to distinguish the respective responsibilities of management and those of the independent auditor's in relation to the financial statements of Joint-Stock Commercial Bank of Turkmenistan "Turkmenbashi" (the "Bank").

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

In preparing the financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Bank will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control, throughout the Bank;
- maintaining proper accounting records that 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 statutory accounting records in compliance with legislation and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Bank; and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended December 31, 2024 were approved and authorized for issue on June 30, 2025 by the Management of the Bank.

On behalf of the Management:

Jumagylyjov Jumagylych
Chairman of the Management Board

June 30, 2025
Ashgabat, Turkmenistan

Sarjayeva Ogulsheker
Chief Accountant

June 30, 2025
Ashgabat, Turkmenistan

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INDEPENDENT AUDITOR'S REPORT

To the management of Joint-Stock Commercial Bank of Turkmenistan "Turkmenbashi":

Qualified Opinion

We have audited the accompanying financial statements of Joint-Stock Commercial Bank of Turkmenistan "Turkmenbashi" (the "Bank"), which comprise the statement of financial position as at December 31, 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.

In our opinion, except for the possible effects of the matters described in the "Basis for qualified opinion", the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2024, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Evaluation of expected credit losses on the loan portfolio

The Bank calculates the allowance for expected credit losses on loans to customers, according to the instruction of the Central bank of Turkmenistan (hereinafter "CBT"), which differs from the approach of International financial reporting standards and specifically with allowance of IFRS 9 "Financial Instruments" (hereinafter - IFRS 9). As at December 31, 2024 and 2023, the allowance for expected credit losses amounted to 327,205 thousand manat and 354,330 thousand manat, respectively (Note 13). Due to IFRS 9 "Financial Instruments" became effective from January 1, 2024, the approach to valuation of the loan portfolio and determining the amount of allowance for expected credit losses has changed. As at the reporting date, the Bank has not implemented IFRS 9 for valuation of expected credit losses on loans to customers, consequently we were unable to estimate the difference between the final results of the calculation of the allowance for expected credit losses in accordance with the CBT instruction and the IFRS 9 approach, and the impact of this discrepancy on the assessment of the Bank's loan portfolio and the amount of allowance for expected credit losses in the financial statements as at December 31, 2024.

Revaluation of fixed assets

As described in Note 15, the Bank performed revaluation of its property, plant and equipment. As at December 31, 2024 the fair value adjustment amounted to 14,539 thousand manat (15,132 thousand manats as at December 31, 2023). The revaluation was made using various indices prescribed by the Ministry of Finance of Turkmenistan which does not conform to the requirements of IAS 16 "Property, Plant and Equipment" and IFRS 13 "Fair Value Measurement". We were unable to determine the impact of this departure from International Financial Reporting Standards and consequently to quantify the effect of this departure on the amounts reported in the financial statements as property, plant and equipment, depreciation expenses, revaluation reserve and retained earnings.

Due to limitations in the paragraphs above in Basis for a qualified opinion, we were not able to determine based on our audit procedures the potential tax effects or adjustments that might be needed for the income tax determined for the year ended December 31, 2024, in connection with the mentioned paragraphs.

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Garantisiyle sınırlı bir Birleşik Krallık şirketi olan BDO International Limited'in üyesi ve bir Türk anonim şirketi olan BDO Denet Bağımsız Denetim ve Danışmanlık Anonim Şirketi, bağımsız üye kuruluşlardan oluşan BDO ağının bir parçasını teşkil etmektedir.

Material uncertainty related to going concern

We draw your attention to Notes 13 and 29 to the accompanying financial statements. As at December 31, 2024 the Bank does not comply with some prudential requirements prescribed by the Central Bank of Turkmenistan. The Bank is undergoing the regular inspections from the Central Bank of Turkmenistan, the last one being performed in 2023. Also, the Bank sends reports to the Central Bank on a monthly basis, which include information on compliance with prudential requirements and did not receive any warning reports on this regard.

The above conditions if materialize within the next 12 months from the approval of these financial statements may adversely affect the Bank's going concern assumption. Our opinion is not modified in respect of this matter.

We conducted our audit in accordance with International Standards on Auditing (hereafter - "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 of the Bank in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (hereafter - "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Turkmenistan, 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, we do not provide a separate opinion on these matters.

Valuation of assets

As described in Note 14 as at December 31, 2023 the Bank had a subsidiary entity SE "Tyaze Durmush". Since the entity is not a core business of the Bank and the Bank's management does not expect to receive any benefit from it, the Bank assessed the asset and decided to accrue allowance for impairment. The estimate of the required amount of the allowance was made on the basis of available information at the time of issuance of the financial statements and fully reflects the possibility of loss of the Bank's assets.

Our audit procedures included among others to obtain a detailed understanding of the methodology for calculating the impairment of investments of the Bank, we assessed the adequacy of the Bank's methodology for identifying impairment indicators.

In addition, we evaluated the design and operating effectiveness of internal controls implemented by management in the computation of allowances, including:

- Checks for timely identification of indications of impairment, if any
- Checks on regular reviews by management, the calculation results for the impairment of investments and related allowances.

We applied professional judgment to evaluate the factors to be taken into account in determining the loss of value and compared the results with those of the Bank. We assessed the completeness and adequacy of the Bank's financial statements disclosures on investments.

As a result of our procedures, we are comfortable of the relevancy of the Management's judgments and the correctness of the presentation of financial statements and its disclosures.

Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 17. As at December 31, 2024 and 2023, the Bank had on its balance investment property in form of precious coins with a total value of 3,941

thousand manat and 441 thousand manat, respectively, estimated at fair value through the statement of profit or loss and other comprehensive income.

In 2023, based on the letter from the Central Bank of Turkmenistan and Foundation of Precious Metals and Stones of Turkmenistan, the Bank revalued these coins for a total amount of 3,500 thousand manat. Management of the Bank confirms that due to the lack of an active market for similar assets in Turkmenistan, the fair value of these coins is determined on the basis of prices provided by authorized government organizations.

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 requirements of the legislation of Turkmenistan, 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.

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 guaranteed 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 perform the following:

- 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.

Other matters

The financial statements of the Bank for the year ended 31 December 2023 were audited by another audit firm, which expressed a qualified opinion on those financial statements in its report dated 7 November 2024.

This report, including the opinion of the auditor, was prepared and intended solely for information and use by the Bank's management. To the maximum extent permitted by law, the audit was carried out in order to provide all the information required in the audit report and not for any other purposes. We are not responsible for the use of information for other purposes or by other users who may ever become familiar with this report.

BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş.
Member, BDO International Network

Selçuk Şahin, SMMM
Partner

June 30, 2025
Ashgabat, Turkmenistan

JOINT-STOCK COMMERCIAL BANK OF TURKMENISTAN "TURKMENBASHI"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(in thousands of Turkmen Manat)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest income	4	391,433	659,459
Interest expenses	4	(223,672)	(362,175)
NET INTEREST INCOME BEFORE (ACCRUAL) / RECOVERY OF PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		167,761	297,284
Recovery of Allowance for expected credit losses on interest bearing assets	13	108,312	110,279
NET INTEREST INCOME		276,073	407,563
Commission income	5	166,792	141,172
Commission expenses	5	(3,432)	(4,211)
Net gain on foreign currency transactions	6	404	692
Other income	7	19,828	21,705
Other non-operating expenses, net	8	(78,788)	(47,525)
NET NON-INTEREST INCOME		104,804	111,833
Operating expenses	9	(127,647)	(124,958)
PROFIT BEFORE INCOME TAX		253,230	394,438
Income tax	10	(125,097)	(231,635)
NET PROFIT FOR THE PERIOD		128,133	162,803
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		128,133	162,803

On behalf of the Management:

Jumagylyjov Jumagylych
Chairman of the Management Board

June 30, 2025
Ashgabat, Turkmenistan

Sarjayeva Ogulsheker
Chief Accountant

June 30, 2025
Ashgabat, Turkmenistan

The notes on pages 12-50 form an integral part of the financial statements. The Independent Auditor's Report is on pages 3-6.

JOINT-STOCK COMMERCIAL BANK OF TURKMENISTAN "TURKMENBASHI"

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(in thousands of Turkmen Manat)

	Notes	December 31, 2024	December 31, 2023
ASSETS:			
Cash and cash equivalents	11	2,517,126	3,975,314
Due from banks	12	1,443,961	276,693
Loans to customers	13	19,198,886	25,920,323
Investment	14	153,058	153,058
Property and equipment	15	310,402	317,521
Intangible assets	16	3,430	2,193
Investment property	17	4,920	4,992
Advances paid for construction	18	9,708	9,124
Other assets	19	242,576	116,136
TOTAL ASSETS		23,884,067	30,775,354
LIABILITIES AND EQUITY			
Due to banks and other financial institutions	21	1,266,486	596,854
Customer accounts	20	3,749,708	5,016,438
Loans received	22	17,023,165	23,173,460
Deferred tax liabilities	10	680,787	681,984
Other liabilities	23	146,376	417,206
		22,866,522	29,885,942
EQUITY:			
Share capital	24	1,000,000	1,000,000
Revaluation reserve		14,539	15,132
Accumulated deficit		3,006	(125,720)
		1,017,545	889,412
TOTAL EQUITY AND LIABILITIES		23,884,067	30,775,354

On behalf of the Management:

Jumagylyjov Jumagylych
Chairman of the Management Board

June 30, 2025
Ashgabat, Turkmenistan

Sarjayeva Ogulsheker
Chief Accountant

June 30, 2025
Ashgabat, Turkmenistan

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JOINT-STOCK COMMERCIAL BANK OF TURKMENISTAN "TURKMENBASHI"

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024
(in thousands of Turkmen Manat)

	Notes	Share capital	Revaluation reserve	Accumulated deficit)	Total Equity
Balance at January 1, 2023		1,000,000	15,727	(239,118)	776,609
Comprehensive income					
Net profit for the year		-	-	162,803	162,803
Change in revaluation reserve			(595)	595	-
Total comprehensive income		-	(595)	163,398	162,803
Transactions with owners					
Dividends declared				(50,000)	(50,000)
Total transactions with owners		1,000,000	-	(50,000)	(50,000)
Balance at December 31, 2023	26	1,000,000	15,132	(125,720)	889,412
Comprehensive income					
Net profit for the year		-	-	128,133	128,133
Change in revaluation reserve		-	(593)	593	-
Total comprehensive income		-	(593)	128,726	128,133
Balance at December 31, 2024	26	1,000,000	14,539	3,006	1,017,545

On behalf of the Management:

Jumagylyjov Jumagylych
Chairman of the Management Board

June 30, 2025
Ashgabat, Turkmenistan

Sarjayeva Ogulsheker
Chief Accountant

June 30, 2025
Ashgabat, Turkmenistan

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JOINT-STOCK COMMERCIAL BANK OF TURKMENISTAN "TURKMENBASHI"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(in thousands of Turkmen Manat)

	Note	For the year ended December 31, 2024	For the year ended December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax expenses		253,230	394,438
Adjustments for:			
Net interest income	4	(167,761)	(297,284)
Depreciation of property, plant and equipment	15	15,923	13,830
Amortization of intangible assets	16	806	640
Depreciation of investment property	17	72	36
Loss on disposal of property, plant and equipment	15	145	17
Reclassification of VAT on construction in progress	15	-	25,774
Change in allowance for expected credit losses on loans to customers	13	(108,312)	110,279
Change in provision for unused vacation	23	(2,394)	(171)
Change in allowance for impairment of other assets	19	-	-
Income from the revaluation of precious metals	7	-	(3,500)
Foreign exchange differences	6	1,425	105
Cash flows before changes in working capital		(6,865)	23,606
Changes in operating assets and liabilities:			
Decrease in obligatory reserves		5,725	114,339
Decrease / (increase) in due from banks		6,713,862	14,147
Decrease / (increase) in loans to customers		(1,167,268)	6,367,319
Decrease / (increase) in other assets		52,929	228,831
Increase in due to banks and other financial institutions		669,632	16,067
(Decrease) / increase in customer accounts		(1,238,073)	(1,931,268)
(Decrease) / increase in other liabilities		(270,830)	(281,356)
Cash outflow from operating activities before taxation and interest		4,759,112	4,551,685
Interest received (+)		391,433	1,140,771
Interest paid (-)		(223,672)	(411,343)
Income tax paid (-)		(126,294)	(369,058)
Net cash inflow / (outflow) generated by operating activities		4,800,579	4,912,055

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JOINT-STOCK COMMERCIAL BANK OF TURKMENISTAN "TURKMENBASHI"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)
(in thousands of Turkmen Manat)

	Note	For the year ended December 31, 2024	For the year ended December 31, 2023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment (-)	15	(8,950)	(3,445)
Purchase of intangible assets (-)	16	(2,043)	(652)
Increase in advances paid for construction	18	(584)	(663)
(Purchase of) / proceeds from investments		-	(18,983)
Net cash outflow from investing activities		(11,577)	(23,743)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in share capital	24	-	(50,000)
Proceeds from borrowings	22	3,088,422	6,729,825
Repayment on borrowings	22	(9,238,717)	(12,263,821)
Net cash inflow / (outflow) from financing activities		(6,150,295)	(5,583,996)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,361,294)	(695,684)
Effect of exchange rate changes on the balance of cash held in foreign currencies		2,349	4,615
CASH AND CASH EQUIVALENTS at the beginning of the year	12	3,942,769	4,663,838
CASH AND CASH EQUIVALENTS at the end of the year	12	2,583,825	3,942,769

On behalf of the Management:

Jumagylyjov Jumagylych
Chairman of the Management Board

June 30, 2025
Ashgabat, Turkmenistan

Sarjayeva Ogulsheker
Chief Accountant

June 30, 2025
Ashgabat, Turkmenistan

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