



**STATE BANK FOR FOREIGN
ECONOMIC AFFAIRS OF
TURKMENISTAN**

Financial statements

for the year ended
December 31, 2024

and

Independent Auditor's Report

STATE BANK FOR FOREIGN ECONOMIC AFFAIRS OF TURKMENISTAN

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 auditors in relation to the financial statements of State Bank for Foreign Economic Affairs of Turkmenistan (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 shareholders' capital for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") and requirements set by the Central Bank of Turkmenistan.

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, accounting standards of Turkmenistan and requirements set by the Central bank of Turkmenistan;
- 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 July 28, 2025 by the management of the Bank.

On behalf of the Management:



Rahimberdi Jepbarov
Chairman of Management Board

July 28, 2025
Ashgabat, Turkmenistan


Enejan Myradova
Chief Accountant

July 28, 2025
Ashgabat, Turkmenistan

INDEPENDENT AUDITOR'S REPORT

To the Management Board of State Bank for Foreign Economic Affairs of Turkmenistan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of State Bank for Foreign Economic Affairs of Turkmenistan (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, statement of changes in equity and statement of cash flows for the year then ended, and the explanatory notes to the financial statements, including a disclosure of 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 December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in Turkmenistan, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA 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.

| Key Audit Matter | How this key audit matter was addressed in our audit |
|--|--|
| Adjustments for expected losses on loans | |
| <p>Management's assessment of the indicators of impairment and determining expected losses on loans to customers is a complex process that involves the use of estimates and judgment. In order to determine the expected loss provisioning requirements for loans, the Bank applies a statistical model that uses parameters determined both internal and external parameters.</p> | <p>Our audit procedures included among others to obtain a detailed understanding of the methodology for calculating the depreciation of the loan portfolio, we assessed the adequacy of the Bank's methodology for identifying depreciation loan portfolio and establish expected credit loss. Thus, we analysed the macroeconomic scenarios and related indexes, criteria for staging loans and assessed models for determining credit risk parameters and quality of data used. For this purpose, we used specialist experts in the field.</p> |
| <p>In accordance with IFRS 9 Financial Instruments, the Bank distinguishes between three stages of impairment, based on classification criteria that take into account both objective characteristics of the loans and the borrowers, and subjective estimates of the Bank.</p> | <p>We also reviewed the quality of the historical data used in the calculation of credit risk parameters.</p> |
| <p>Classification credits stages of impairment is the result of the interplay of several factors:</p> <ul style="list-style-type: none"> • The comparison between the probability of default to the date of grant and the date of the financial statements; • Limits established by law, for example the 90 days delay; • Other factors that are relevant to the Bank, for example threshold for individual analysis. | <p>In addition, we evaluated the design and operating effectiveness of internal controls implemented by management in the computation of provisions, including:</p> <ul style="list-style-type: none"> • Checks for timely identification of indications of impairment, if any • Checks on regular reviews by management, the calculation results for the impairment of loans and related provisions. |
| <p>Expected losses are calculated based on historical data and macroeconomic forecasting elements.</p> | |
| <p>The statistical model used to determine the expected loss on loans to customers is based on the probability of default and the estimated value. According to Note 10 "Loans to customers" and Note 19 "Risk management policies" in the financial statements, the Bank created ECL provisions in value of 355,308 thousand manat for consumer and corporate loans granted on the gross amount of 9,395,551 thousand manat.</p> | <p>We performed substantive procedures on a sample of loans to check their classification and to identify any indications of impairment and if necessary additional provisions for expected credit losses. 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 evaluated the impact of economic conditions, the collaterals, and other factors that may affect the recoverability of loans.</p> |
| <p>Because of the importance of these judgments and the volume of loans to customers, ECL of loans to customers is a key aspect of the audit.</p> | <p>We assessed the completeness and adequacy of the Bank's financial statements disclosures on loans to customers.</p> |

Loans received from banks and other financial institutions

As at December 31, 2024 and 2023 the amount of loans received from banks and other financial institutions was equal to 6,763,480 thousand manat and 8,967,130 thousand manat, respectively.

The Bank is obliged to comply with a number of financial covenants related to its lending activity. During the assessment of applicability of going concern basis of its activity, Bank's management takes into account the financial position of the Bank and compliance with various covenants.

The Bank's management believes that the Bank has sufficient resources for continuing its economic activities in the foreseeable future, and will be able to pay off its obligations within its regular activities. Therefore, preparation of financial statements based on going concern basis is appropriate.

We believe this matter is a key audit matter due to the importance of these judgements and the volume of loans received.

In our assessment of using going concern basis assumption, we focused our attention on the Bank's ability to meet its obligations on time, as well as on the Bank's compliance with the terms of the loan agreements.

Our procedures included the following:

- Analysis of the general financial position of the Bank and its ability to timely repay obligations;
- Checking the terms of agreements on loans received;
- Verification of the Bank's compliance with all covenants under the terms of loan agreements;
- Analysis of the exemptions received from compliance with a number of covenants.

We have as well assessed the relevancy of the Management's judgements and the correctness of the presentation of financial statements and its disclosures.

Other Matter

The financial statements as of December 31, 2023, were audited by another auditor, who expressed an unmodified opinion on 29 July 2024.

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.

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 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 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 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.

Ana Gabedava, Engagement Partner (SARAS-A-518332)

Nexia Georgia LLC (SARAS-F-550338)

28 July, 2025
Tbilisi, Georgia



STATE BANK FOR FOREIGN ECONOMIC AFFAIRS OF TURKMENISTAN

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Turkmen manats)

| | Notes | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|---|-------|--------------------------------------|--------------------------------------|
| Interest income | 4 | 1,571,823 | 1,489,969 |
| Interest expenses | 4 | (532,220) | (729,043) |
| NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES ON INTEREST BEARING ASSETS | | 1,039,603 | 760,926 |
| Accrual of allowance for expected credit losses on interest bearing assets | 5 | (83,953) | (62,818) |
| NET INTEREST INCOME | | 955,650 | 698,108 |
| Commission income | 6 | 149,152 | 86,090 |
| Commission expenses | 6 | (25,187) | (18,993) |
| Net gain from investments | 11 | 4,632 | 4,410 |
| Accrual / (recovery) of allowance for impairment losses on other assets | | 1,856 | (5,850) |
| Net (loss)/gain on foreign exchange operations | | (4,903) | 104 |
| Other (expenses)/income, net | | (76,992) | (19,364) |
| NET NON-INTEREST INCOME | | 48,558 | 46,397 |
| Operating expenses | | (46,456) | (43,435) |
| PROFIT BEFORE INCOME TAX | | 957,752 | 701,070 |
| Income tax | 7 | (648,871) | (461,816) |
| NET GAIN FOR THE YEAR | | 308,881 | 239,254 |
| Change in revaluation reserve | | 854 | 855 |
| TOTAL COMPREHENSIVE INCOME | | 309,735 | 240,109 |

On behalf of the Management:



Rahimberdi Jepbarov
Chairman of Management Board

July 28, 2025
Ashgabat, Turkmenistan

Enejan Myradova
Chief Accountant

July 28, 2025
Ashgabat, Turkmenistan

The notes on pages 12-53 form an integral part of the financial statements. The independent Auditor's Report is on pages 3-6.

STATE BANK FOR FOREIGN ECONOMIC AFFAIRS OF TURKMENISTAN

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Turkmen manats)

| | Notes | December 31, 2024 | December 31, 2023 |
|--|-------|----------------------|----------------------|
| ASSETS: | | | |
| Cash and cash equivalents | 8 | 3,649,392 | 3,383,566 |
| Due from banks | 9 | 18,234,084 | 16,176,662 |
| Loans to customers | 10 | 8,945,804 | 11,666,903 |
| Investments | 11 | 198,931 | 193,765 |
| Property, plant and equipment | | 50,247 | 53,395 |
| Intangible assets | | 8,204 | 9,218 |
| Investment property | | 23,929 | 23,984 |
| Advances paid for capital construction | | 2,145 | 61,889 |
| Deferred tax asset | 7 | 109,658 | 172,310 |
| Other assets | | 269,300 | 181,806 |
| TOTAL ASSETS | | 31,491,694 | 31,923,498 |
| SHAREHOLDERS' EQUITY AND LIABILITIES: | | | |
| LIABILITIES: | | | |
| Due to banks | 12 | 845,103 | 488,567 |
| Customer accounts | 13 | 21,345,272 | 20,228,582 |
| Loans received from banks and other financial institutions | 14 | 6,763,480 | 8,967,130 |
| Current tax liabilities | | 227,238 | 237,808 |
| Other liabilities | | 5,854 | 5,545 |
| | | 29,186,947 | 29,927,632 |
| SHAREHOLDERS' EQUITY: | | | |
| Share capital | 15 | 1,283,815 | 1,134,956 |
| Revaluation reserve | | 15,931 | 16,785 |
| Retained earnings | | 1,005,001 | 844,125 |
| | | 2,304,747 | 1,995,866 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 31,491,694 | 31,923,498 |

On behalf of the Management


Rahimberdi Jepbarov
Chairman of Management Board

July 28, 2025
Ashgabat, Turkmenistan


Enejan Myradova
Chief Accountant

July 28, 2025
Ashgabat, Turkmenistan

The notes on pages 12-53 form an integral part of the financial statements. The Independent Auditor's Report is on pages 3-6.

STATE BANK FOR FOREIGN ECONOMIC AFFAIRS OF TURKMENISTAN

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

| | Notes | Share capital | Revaluation reserve | Retained earnings | Total equity |
|---------------------------------------|-------|---------------|---------------------|-------------------|--------------|
| Balance at December 31, 2022 | 15 | 1,014,457 | 17,640 | 724,515 | 1,756,612 |
| Comprehensive income | | | | | |
| Profit for the year | | - | - | 239,254 | 239,254 |
| Change in revaluation reserve | | - | (855) | 855 | - |
| Total comprehensive income | | - | (855) | 240,109 | 239,254 |
| Transactions with owners | | | | | |
| Increase in share capital | | 120,499 | - | (120,499) | - |
| Total transactions with owners | | 120,499 | - | (120,499) | - |
| Balance at December 31, 2023 | 15 | 1,134,956 | 16,785 | 844,125 | 1,995,866 |
| Comprehensive income | | | | | |
| Profit for the year | | - | - | 308,881 | 308,881 |
| Change in revaluation reserve | | - | (854) | 854 | - |
| Total comprehensive income | | - | (854) | 309,735 | 308,881 |
| Transactions with owners | | | | | |
| Increase in share capital | | 148,859 | - | (148,859) | - |
| Total transactions with owners | | 148,859 | - | (148,859) | - |
| Balance at December 31, 2024 | 15 | 1,283,815 | 15,931 | 1,005,001 | 2,304,747 |

On behalf of the Management:



Rahimberdi Jepbarov
Chairman of Management Board

July 28, 2025
Ashgabat, Turkmenistan

Enejan Myradova
Chief Accountant

July 28, 2025
Ashgabat, Turkmenistan

The notes on pages 12-53 form an integral part of the financial statements. The Independent Auditor's Report is on pages 3-6.

STATE BANK FOR FOREIGN ECONOMIC AFFAIRS OF TURKMENISTAN

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Turkmen manats)

| | Notes | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|---|-------|---|---|
| Profit before income tax expenses | | 957,752 | 701,070 |
| Adjustments for: | | | |
| Net interest income | 4 | (1,039,603) | (760,926) |
| Accrual of allowance for expected credit losses | 5 | 82,097 | 68,668 |
| Accrual of allowance for non-operating assets | | 60,372 | - |
| Depreciation of property, plant and equipment and intangible assets | | 6,516 | 6,844 |
| Net gain from investments | | (4,632) | (4,486) |
| Depreciation of investment property | | 32 | 54 |
| Foreign exchange differences | | 4,903 | (104) |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash flows before changes in working capital | | 67,437 | 11,120 |
| Changes in operating assets and liabilities: | | | |
| Decrease / (increase) in due from banks | 9 | 671,136 | (38,370) |
| Decrease in loans to customers | 10 | 2,847,485 | 2,084,717 |
| Increase in obligatory reserve in CBT | 8 | (128,029) | (371,708) |
| Increase in other assets | | (87,412) | (22,741) |
| Increase in customer accounts | 13 | 1,100,694 | 4,942,020 |
| Increase in due to banks | 12 | 365,373 | 117,405 |
| Increase / (decrease) in other liabilities | | 77 | (16,229) |
| Cash inflow from operating activities before taxation and interest | | 4,836,761 | 6,706,214 |
| Interest received | | 1,441,700 | 1,576,927 |
| Interest paid | | (506,787) | (750,952) |
| Income tax paid | 7 | (596,789) | (415,215) |
| Net cash inflow from operating activities | | 5,174,885 | 7,116,974 |

STATE BANK FOR FOREIGN ECONOMIC AFFAIRS OF TURKMENISTAN

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

| | Notes | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|--|-------|--|--|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of property, plant and equipment and intangible assets | | (2,331) | (5,279) |
| Proceeds from premises built under state program | | 1,222 | (3,308) |
| Purchase of premises built under state program | | (1,850) | (183) |
| Investments in equity | 11 | (366) | (11,969) |
| Net cash outflow from investing activities | | (3,325) | (20,739) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Repayments of loans received | 14 | (2,873,687) | (3,089,288) |
| Proceeds from loans received | 14 | 503,565 | 882,935 |
| Net cash outflow from financing activities | | (2,370,122) | (2,206,353) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 2,801,438 | 4,889,882 |
| Effect of changes in exchange rates on cash and cash equivalents | | (207) | (3,648) |
| CASH AND CASH EQUIVALENTS, at the beginning of the year | 8 | 17,848,251 | 12,962,017 |
| CASH AND CASH EQUIVALENTS, at the end of the year | 8 | 20,649,482 | 17,848,251 |

On behalf of the Management:



Rahimberdi Jepbarov
Chairman of Management Board

July 28, 2025
Ashgabat, Turkmenistan

Enejan Myradova
Chief Accountant

July 28, 2025
Ashgabat, Turkmenistan

The notes on pages 12-53 form an integral part of the financial statements. The Independent Auditor's Report is on pages 3-6.