

OJSC DOS-CREDOBANK

Financial statements
for the year ended December 31, 2022

and independent auditor's report

INDEPENDENT AUDITOR'S REPORT

To Shareholders, Board of Directors and Management of the OJSC Dos-Credobank:

Opinion

We have audited the financial statements of the OJSC Dos-Credobank (the "Bank"), which comprise the statement of financial position as at December 31, 2022, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (the "IFRS").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (the "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 (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 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.

Allowance for expected credit losses

The Bank evaluates financial assets in accordance with the requirements of IFRS 9 "Financial Instruments". Valuation of financial assets and allowances for expected credit losses requires a significant level of judgement from management of the Bank. Identification of signs of significant increase in credit risk, assessment of the probability of default and calculation of the amount of the allowance include the analysis of various factors. The use of different models and judgements can significantly influence the level of the Bank's allowance for expected credit losses.

We analyzed the methodology for estimation of the Bank's expected credit losses and reviewed the models used in calculation of expected credit losses. We have checked the accuracy of calculations of the probability of default and the level of losses in case of default on a sample basis and ensured the reasonableness of the judgments used by the management of the Bank.

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, for compliance with the legislation of the Kyrgyz Republic, the requirements of the National Bank of the Kyrgyz Republic (the "NBKR"), and for such internal control as Management determines is necessary to enable the preparation of the 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 and regulations of IFRS, 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.

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 matter

The financial statements of the Bank for the year ended December 31, 2021 were audited by another auditor, who expressed an unmodified opinion on the financial statements issued on March 10, 2022.

Report on the procedures performed in accordance with the Regulation of the National bank of the Kyrgyz Republic No.2017-P-12/25-2-(Legal Act) dated June 15, 2017 "On minimum requirements for the external audit of banks and other financial and credit institutions licensed by the National bank of the Kyrgyz Republic".

Management of the Bank is responsible for the implementation of the regulatory requirements established by the National Bank of the Kyrgyz Republic (the "NBKR") and for compliance of internal control with the requirements set by the NBKR.

In accordance with the Regulation of the NBKR No.2017-P-12/25-2-(Legal Act) "On minimum requirements for the external audit of banks and other financial and credit institutions licensed by the NBKR" dated June 15, 2017 in the course of audit of the Bank's financial statements as at December 31, 2022 and for the year then ended we examined accounting and classification of the Bank's assets and disclosure of transactions with related parties and affiliates to be in compliance with the regulatory requirements of the NBKR.

The review was limited to the procedures selected on the basis of our judgement, which included requests, analysis, examination of documents, comparison of requirements approved by the Bank, procedures and methods with requirements set by the NBKR, as well as recalculation, reconciliation of estimates and other information. We discussed the identified issues related to internal controls and procedures with the Bank's management and the relevant points were presented in the Management letter.

The procedures performed and the results of the review are presented below:

1. With respect to compliance of the Bank's accounting and classification of assets with legislation of the Kyrgyz Republic, the regulatory requirements of the NBKR, accounting policy and procedures of the Bank, the relevant procedures have been performed within the framework of the audit conducted in accordance with International Standards on Auditing and the requirements of the NBKR necessary for expressing an opinion on compliance of the Bank's financial statements, in all material aspects, to the generally accepted principles of preparation and presentation of financial statements:

- We obtained and analyzed the Bank's loan policies approved by the Board of Directors.
- We obtained the loan portfolio of the Bank as at December 31, 2022. During the statistical sampling analysis of the customer loan files, the following was determined:
 - A loan application is completed at the moment of loan origination. The application indicates preliminary information about the loan objectives and customer's capabilities on the basis of which customer's initial analysis is made;
 - customer loan files are formed in accordance with the provisions and requirements set by the NBKR;
 - monitoring of the loan status is performed with the periodicity established by the Bank's policies and regulations after the loan is issued. A report which describes activities performed by the Bank (calls, visits to the client, etc.), appropriateness of the intended use of the loan, financial condition of the customer and conditions of the collateral is completed based on the results of the monitoring;
 - if evidence of the customer's financial condition worsening is available, restructuring of the loan is made after detailed analysis of the customer's financial performance and approval by the credit committee is made.
- Classification and evaluation of the loan portfolio and other assets are made in accordance with the requirements of the regulations of the NBKR. We performed analysis of the methodology for impairment evaluation and estimation of the impairment allowance within the framework of the audit. We checked the adequacy of the assessment procedures of the loan portfolio and other assets of the Bank on sample basis.
- When assessing collateral, the Bank follows provisions of collateral policy and instruction for valuation of collaterals. During sample base analysis of the loan portfolio and other property transferred to the Bank's ownership we assured that:
 - the Bank values foreclosed assets when registering collateral for originated loans;
 - the Bank takes into account the cost of the collateral, its market value, the presence or absence of defects, as well as other qualitative characteristics for estimation of fair value.
- The Bank follows policies for the management of other property when dealing with foreclosed assets that became property of the Bank.
- We requested confirmation letters on balances with customers on a sample basis during analysis of the Bank's loan portfolio. As a result of reviewing the received documents we assured that the data indicated in the confirmations corresponds to the values in the Bank's accounts.
- Confirmations with correspondent banks were requested on a sample basis during analysis of Nostro accounts of the Bank. Based on the documents received, we made sure that the amounts stated in the reconciliation reports correspond to the data in the Bank's accounting.
- During analysis of the Bank's obligations, we assured that all liabilities are classified in accordance with the requirements of the NBKR and internal policies of the Bank.

- We received a securities portfolio of the Bank as at December 31, 2022 and a report on all securities transactions performed during 2022. During the statistical sampling analysis of the transactions the following was assured:
 - when concluding securities transactions, the Bank is guided by the internal investment policy;
 - all transactions were approved by the Asset and Liability Management Committee of the Bank;
 - availability of a purchase request on each selected transaction;
 - availability of the confirming documents for completed transactions.

2. With respect to the compliance of accounting and disclosure of the transactions with affiliates and related parties we identified the following:

- The Bank has a regulation on transactions with affiliated and related parties, which describes the procedures for determining a related party and the requirements for information disclosure;
- As at the reporting date all related parties are determined by the Bank. Information on balances and transactions with related parties is disclosed in the financial statements;
- During the audit we have identified balances and transactions with related parties which correspond to the list of transactions with related parties of the Bank. In addition, on a sample basis, we assured the availability of approvals by the Board of Directors.
- As at reporting date we conducted the following procedures on transactions with related parties:
 - basis received confirmations of balances on a sample (loans issued, loans received, other assets) if the related party is a legal entity;
 - assured that all transactions with related parties were carried out by the Bank in compliance with all generally accepted procedures of banking practice without granting any exemptions or privileges.

3. With respect to examination of internal control and its structure we identified the following:

- In order to post all transactions in accounting books and prepare reliable financial statements the Bank developed accounting policy, job descriptions for employees and other guidelines and instructions regulating the activities of all employees of the Bank. In order to perform a systematic and independent evaluation of the reliability and effectiveness of the internal control system and to increase the accounting efficiency, the Bank conducts internal audit examinations. The internal audit is carried out by the internal auditor, who is reportable to the Board of Directors;
- The Bank established an effective system of risk management and internal control to provide assurance of sufficient confidence in achieving the Bank's goals. An effective system of risk management and internal control is implemented at all levels of management. Systematic and independent evaluation of the reliability and effectiveness of the internal control system is performed by the internal auditor who is reportable to the Board of Directors. The internal auditor performs tasks based on the principles of independence, objectivity, competence and professional attitude to work, as well as on the legislation of the Kyrgyz Republic, legal acts of the NBKR, internal audit standards determined by the International Standards for the Professional Practice of Internal Audit and the Code of Ethics of the Institute of Internal Auditors. The Board of Directors approves work plans and reviews reports;
- When examining the activities of the Bank's branches we identified that periodicity and sequence of the reports prepared by branches and internal auditor of the Bank during 2022 related to credit, operational, market, interest, legal risks and risk of the Bank's liquidity loss complied with the internal documents of the Bank;
- We received the internal documents of the Bank effective as at December 31, 2022 and during the year ended on this date which establish methods of identifying and managing significant credit, operational, market, interest, legal, and liquidity risks, and made sure that they are approved by the Bank in accordance with the requirements and recommendations of the NBKR;
- We received management letter on the results of the audit for the previous reporting year. We reviewed the issues indicated in the letter and assured that the Bank's management took appropriate efforts for elimination of deficiencies in the system of internal controls. In case the same deficiency remains from previous years we include it into the management letter by the results of the audit for the current year with note "Recurring".

4. During examination of compliance of operations and procedures of the Bank related to payments and settlements with the legislation of the Kyrgyz Republic and the regulatory requirements of the NBKR we established the following:

Within a substantive testing of certain captions of the financial statements (loans issued, income and expenses) we made a statistical sample of transactions to test that:

- Hard copy payment documents correspond to the figures in the system;
- Confidentiality and security matters during execution of electronic payments as well as the rules for storage and use comply with the requirements of the NBKR;
- Payments are made on time;
- The requirements for filling details of payment documents are appropriately executed.

5. With respect to compliance with the requirements of International Standards on Auditing regarding the responsibility of the Bank's external auditor to review fraudulent activities and errors during the audit of the financial statements of the Bank, we performed all audit procedures in accordance with NBKR and ISA which we considered necessary for expressing our opinion on the financial statements of the Bank.

6. An external audit of the Bank's information systems including analysis and assessment of the compliance of information systems with the legislation of the Kyrgyz Republic and regulatory acts of the National bank of the Kyrgyz Republic regarding information security and internal policies/procedures of information systems approved by the Bank's management was conducted in January 18, 2023.

Kubat Alymkulov

Certified accountant, FCCA
Certificate of auditor of the Kyrgyz Republic
No. A 0069 dated October 19, 2009
Audit Partner,
Director of Baker Tilly Bishkek LLC



Bolot Oskonbaev

Certified accountant, ACCA
Certificate of auditor of the Kyrgyz Republic
No. AD 0033 dated December 23, 2021
Audit Director

Baker Tilly Bishkek LLC,
License Series A No. 0049 dated July 1, 2011 issued by the State Committee
on Review and Regulation of the financial market of the Kyrgyz Republic

February 28, 2023
Bishkek, the Kyrgyz Republic

OPEN JOINT STOCK COMPANY DOS-CREDOBANK


**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022**
(in thousands of Kyrgyz soms)

| | Notes | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|--|-------|--|--|
| Interest income | 5 | 897,333 | 638,440 |
| Interest expenses | 5 | (374,192) | (283,004) |
| NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES ON INTEREST BEARING ASSETS | | <u>523,141</u> | <u>355,436</u> |
| (Accrual)/recovery of allowance for expected credit losses on interest bearing assets | 12 | (89,457) | 14,376 |
| NET INTEREST INCOME | | <u>433,684</u> | <u>369,812</u> |
| Commission income | 6 | 360,443 | 271,924 |
| Commission expenses | 6 | (91,048) | (89,944) |
| Net gain on swap operations | | 3,736 | 342 |
| Net gain on foreign currency transactions | 7 | 1,218,820 | 254,538 |
| (Accrual)/recovery of allowance for impairment losses | | (12,302) | 970 |
| Other income, net | | 14,473 | 5,898 |
| NET NON-INTEREST INCOME | | <u>1,494,122</u> | <u>443,728</u> |
| Operating expenses | 8 | (1,004,035) | (666,816) |
| PROFIT BEFORE INCOME TAX | | <u>923,771</u> | <u>146,724</u> |
| Income tax expenses | 9 | (93,546) | (15,322) |
| NET PROFIT | | <u>830,225</u> | <u>131,402</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income | | <u>830,225</u> | <u>131,402</u> |
| Earnings per share, som | 24 | 1,016 | 187 |
| Weighted average number of ordinary shares | | 817,008 | 702,194 |

On behalf of the Management of the Bank:


Eshberdieva Ch.M.
 Chairman of the Board
 February 28, 2023
 Bishkek, the Kyrgyz Republic




Alybaeva I.T.
 Chief accountant
 February 28, 2023
 Bishkek, the Kyrgyz Republic

The notes on pages 13-61 form an integral part of the financial statements. The independent auditor's report is on pages 3-7.

OPEN JOINT STOCK COMPANY DOS-CREDOBANK

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022 (in thousands of Kyrgyz soms)

| | Notes | December 31, 2022 | December 31, 2021 |
|--|-------|----------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | 10 | 1,777,571 | 1,719,762 |
| Due from banks | 11 | 644,699 | 466,488 |
| Loans to customers | 12 | 4,345,180 | 2,956,392 |
| Investments in securities | 13 | 845,175 | 449,056 |
| Financial assets at fair value through profit or loss | 14 | 81,396 | 2,432 |
| Property, equipment and intangible assets | 15 | 677,183 | 497,421 |
| Right-of-use assets | 16 | 25,631 | 19,311 |
| Assets available for sale | 17 | 6,675 | 21,525 |
| Other assets | 18 | 333,571 | 117,205 |
| TOTAL ASSETS | | 8,737,081 | 6,249,592 |
| EQUITY AND LIABILITIES | | | |
| LIABILITIES: | | | |
| Customer accounts | 19 | 5,790,400 | 4,700,958 |
| Due to banks and financial institutions | 20 | 222,439 | 132,131 |
| Financial liabilities at fair value through profit or loss | 14 | 2,676 | 2,395 |
| Deferred income tax liability | 9 | 1,238 | 5,606 |
| Other borrowed funds | 21 | 235,537 | 29,642 |
| Lease liabilities | 16 | 27,521 | 21,311 |
| Other liabilities | 22 | 709,068 | 408,857 |
| | | 6,988,879 | 5,300,900 |
| EQUITY: | | | |
| Share capital | 23 | 817,008 | 817,008 |
| Retained earnings | | 931,194 | 131,684 |
| | | 1,748,202 | 948,692 |
| TOTAL EQUITY AND LIABILITIES | | 8,737,081 | 6,249,592 |

On behalf of the Management of the Bank:


Eshberdieva Ch.M.
Chairman of the Board

February 28, 2023
Bishkek, the Kyrgyz Republic


Alybaeva I.T.
Chief accountant

February 28, 2023
Bishkek, the Kyrgyz Republic

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OPEN JOINT STOCK COMPANY DOS-CREDOBANK

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Kyrgyz soms)**

| | Note | Share capital | Retained earnings | Total equity |
|---|------|---------------|-------------------|--------------|
| Balance at December 31, 2020 | | 622,994 | 220,023 | 843,017 |
| Comprehensive income | | | | |
| Profit | | - | 131,402 | 131,402 |
| Total comprehensive income | | - | 131,402 | 131,402 |
| Transactions with shareholders | | | | |
| Increase in share capital | 23 | 194,014 | (194,014) | - |
| Dividends declared | 23 | - | (25,727) | (25,727) |
| Total transactions with shareholders | | 194,014 | (219,741) | (25,727) |
| Balance at December 31, 2021 | 23 | 817,008 | 131,684 | 948,692 |
| Comprehensive income | | | | |
| Profit | | - | 830,225 | 830,225 |
| Total comprehensive income | | - | 830,225 | 830,225 |
| Transactions with shareholders | | | | |
| Dividends declared | 23 | - | (30,715) | (30,715) |
| Total transactions with shareholders | | - | (30,715) | (30,715) |
| Balance at December 31, 2022 | 23 | 817,008 | 931,194 | 1,748,202 |

On behalf of the Management of the Bank:


Eshberdieva Ch.M.
Chairman of the Board

February 28, 2023
Bishkek, the Kyrgyz Republic


Alybaeva I.T.
Chief accountant

February 28, 2023
Bishkek, the Kyrgyz Republic

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OPEN JOINT STOCK COMPANY DOS-CREDOBANK

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022 (in thousands of Kyrgyz soms)

| | Notes | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|--|-------|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Interest received | | 918,058 | 642,962 |
| Interest paid | | (370,398) | (277,592) |
| Commission received | 6 | 360,443 | 271,924 |
| Commission paid | 6 | (91,048) | (89,944) |
| Gain on foreign currency transactions | 7 | 1,228,151 | 260,765 |
| Income on derivatives | | 3,736 | 342 |
| Other income | | 14,473 | 5,898 |
| Salary and bonuses to employees | | (680,876) | (442,262) |
| Administrative expenses | | (203,563) | (178,115) |
| | | <u>1,178,976</u> | <u>193,978</u> |
| Cash flow from operating activities before changes in operating assets and liabilities | | | |
| | | <u>1,178,976</u> | <u>193,978</u> |
| (Increase)/decrease in operating assets: | | | |
| Due from banks | | (17,528) | - |
| Loans to customers | | (1,517,614) | (751,664) |
| Financial assets at fair value through profit or loss | | (78,964) | (2,432) |
| Assets available for sale | | 16,152 | 10,347 |
| Other assets | | (251,945) | (13,485) |
| | | <u>(2,328,899)</u> | <u>(757,294)</u> |
| Increase/(decrease) in operating liabilities: | | | |
| Customer accounts | | 1,061,997 | 593,780 |
| Due to banks and financial institutions | | 84,498 | 21,082 |
| Financial liabilities at fair value through profit or loss | | 281 | 2,395 |
| Other liabilities | | 232,713 | 96,548 |
| | | <u>1,379,489</u> | <u>713,805</u> |
| Inflow from operating activities before taxation | | | |
| | | <u>708,566</u> | <u>150,549</u> |
| Income tax paid | | | |
| | | <u>(72,695)</u> | <u>(14,821)</u> |
| Net cash inflow from operating activities | | | |
| | | <u>635,871</u> | <u>135,728</u> |

OPEN JOINT STOCK COMPANY DOS-CREDOBANK


STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 (CONTINUED)
(in thousands of Kyrgyz soms)

| | Notes | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|-------|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of property, equipment and intangible assets | 15 | (262,510) | (107,707) |
| Gain from disposal of property, equipment | | 2,716 | 2,416 |
| Proceeds from sale of investment securities | | - | 99,737 |
| Net cash outflow from investing activities | | <u>(259,794)</u> | <u>(5,554)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from other borrowed funds | 21 | 211,911 | 8,480 |
| Repayment of other borrowed funds | 21 | (6,218) | (2,633) |
| Payment of dividends to shareholders of the Bank | 22 | (38,726) | (23,381) |
| Payments of lease liabilities | 16 | (14,165) | (14,761) |
| Net cash inflow/(outflow) from financing activities | | <u>152,802</u> | <u>(32,295)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | <u>528,879</u> | <u>97,879</u> |
| Effect of foreign exchange differences on cash and cash equivalents | | <u>86,730</u> | <u>53,116</u> |
| CASH AND CASH EQUIVALENTS, at the beginning of the year | 10 | <u>2,635,496</u> | <u>2,484,429</u> |
| CASH AND CASH EQUIVALENTS, at the end of the year | 10 | <u>3,253,781</u> | <u>2,635,496</u> |

On behalf of the Management of the Bank:


Eshberdieva Ch.M.
 Chairman of the Board
 February 28, 2023
 Bishkek, the Kyrgyz Republic




Alybaeva I.T.
 Chief accountant
 February 28, 2023
 Bishkek, the Kyrgyz Republic

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