

## Independent Auditors' report

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

### Opinion

We have audited the financial statements of OJSC Dos-Credobank (hereinafter "Bank"), which comprise the statement of comprehensive income for 2021, the statement of financial position as of 31 December 2021, the statement of cash flows and the statement of changes in equity for the year ended 31 December 2021 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 of 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the requirements prescribed by the Regulation on Minimum Requirements for the External Audit of Banks and Other Financial and Credit Institutions Licensed by the National Bank of the Kyrgyz Republic ("NBKR"), approved by NBKR Board Resolution No. 2017-II-12/25-2 dated June 15, 2017 ("NBKR Requirements"). 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") and 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 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.

### Emphasis of matter

We draw attention to Note 27 to the financial statements, which describes events after the reporting date. We do not express a modified opinion on this matter.

### 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	
<p><b>Allowance for expected credit losses of loans to customers</b></p> <p>Please, refer to the Notes 3, 13 and 24 in the financial statements.</p>	<p><b>How the matter was addressed in our audit</b></p>
<p>Assessment of the allowance for expected credit losses (hereinafter "ECL") in accordance with IFRS 9 "Financial Instruments" is the key audit matter, since the volume of loans issued to customers is significant, and, in addition, the assessment of ECL is inherent to an uncertainty.</p>	<p>We reviewed key aspects of the Bank's methodology and policies related to the valuation of ECLs for compliance with IFRS 9 (including refinements thereto in light of changes in the economic environment related to the COVID-19 pandemic), including the involvement of financial risk management specialists in the analysis.</p>

<p>When evaluating loans to customers, statistical modeling is used, based on the Bank's historical data, macroeconomic indicators to determine the forecast probability of default and professional judgment.</p> <p>As part of the audit, the following aspects should be analyzed in detail:</p> <ul style="list-style-type: none"> <li>- judgments adopted for the selection of quantitative and qualitative indicators in determining a significant increase in credit risk and default;</li> <li>- the correct assessment of the value, exposed to a default (Exposure at Default, EAD);</li> <li>- the reasonableness of segmentation used in collective approach for statistical modeling of the probability of default (PD) indicator;</li> <li>- the reasonableness of the period, covered for modeling the PD, based on the historical data of the Bank;</li> <li>- the reasonableness of the method used in determining the forecast probability of default and the choice of macroeconomic indicators;</li> <li>- the reasonableness of the approach used in assessing the indicator of losses in case of the impairment (Loss Given Default, LGD);</li> <li>- the completeness of cash flows and the reasonableness of applying the time factor in assessing the indicator of LGD.</li> </ul>	<p>To analyze the reasonableness of the professional judgment applied by the management and the assumptions made in assessing the provision for ECL, we:</p> <ul style="list-style-type: none"> <li>- reviewed findings and recommendations and tested accuracy of consultant's calculations, who conducted validation of the model on calculation of ECL in accordance with IFRS 9.</li> <li>- analyzed reasonably available and reliable information about the credit risk of related customers, including information about their activity and exposure of COVID-19 pandemic.</li> <li>- tested the design and operational effectiveness of internal controls for timely identification of significant increase in credit risk and default;</li> <li>- tested the correct application of the credit risk level that Bank applied by analyzing financial and non-financial information, as well as the assumptions and professional judgments used by the Bank;</li> <li>- analyzed the methodology for determining the amount of EAD by type of loan product, taking into account the specifics of each product;</li> <li>- on a sample of loans to customers tested potential change in the assessment of ECL;</li> <li>- for loans to customers that assessment of provision for ECL is carried out on a collective basis, we have tested the operating principle of the respective models, and also reconciled the source data of the model with the primary documents on a selective basis;</li> <li>- conducted validation procedures for the applied regression models;</li> <li>- checked the reliability of the external data used in forecasts;</li> <li>- on a sample of loans, we tested the assessment of collateral value and tested the correctness of the applied discount period for expected cash flows.</li> <li>- We also assessed whether disclosures in the financial statements appropriately reflect the Bank's exposure to credit risk.</li> </ul>
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## ***Responsibility of Management and the Board of Directors for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, 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 to such actions.

The Board of Directors is responsible for monitoring 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 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 on the basis of these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we 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 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and, if applicable, the steps we have taken to address any threats or safeguards that may exist.

From the matters communicated with those charged with governance, we determine those matters that were of most significance to our audit of the financial statements for the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless public disclosure of those matters is prohibited by law or regulation or when, in extremely rare circumstances, we conclude that a matter should not be communicated in our report because it could reasonably be expected that the adverse consequences of such communication would exceed the public interest benefits of such communication.

**The engagement partner on the audit resulting in this independent auditors' report is:**

  
**Altynay Estebesova**  
Partner, LLC "Mazars Audit"  
Certified Auditor of the Kyrgyz Republic  
auditor's qualification certificate  
Series A, №0062 dated 26 November 2008



Audit organization  
Limited liability company "Mazars Audit" (LLC "Mazars Audit")  
Primary state registration number: 103000708664  
Legal address: 720001, Kyrgyz Republic, Bishkek, 125/1 Toktogul str., 7th floor

«10» March 2022

# OJSC “Dos-Credobank”

## Statement of comprehensive income for the year ended 31 December 2021 (in thousands of Kyrgyz soms)

	Notes	2021	2020
Interest revenue calculated using the effective interest rate	5	638,782	512,347
Interest expense	5	(281,162)	(217,819)
<b>Net interest income before income/(expense) on credit losses on loans to customers</b>		<b>357,620</b>	<b>294,528</b>
Income from reduction of provisions for credit losses/(expenses on credit losses) on loans to customers	13	14,376	(42,061)
<b>Net interest income</b>		<b>371,996</b>	<b>252,467</b>
Fee and commission income	6	271,924	240,170
Fee and commission expenses	6	(61,799)	(45,809)
Net foreign exchange gain	7	254,538	229,716
Provision/(recovery) for impairment losses and other reserves	8	970	(9,773)
Other operating income and expenses, net		5,898	3,964
<b>Net non-interest income</b>		<b>471,531</b>	<b>418,268</b>
Operating expenses	9	(696,803)	(548,866)
<b>Profit before income tax</b>		<b>146,724</b>	<b>121,869</b>
Income tax expense	10	(15,322)	(18,962)
<b>Profit for the year</b>		<b>131,402</b>	<b>102,907</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>131,402</b>	<b>102,907</b>
Earnings per share, in Kyrgyz soms	22	187	165

Signed and approved for issue on behalf of the Board of the Bank:

  
Eshberdieva Cholpon Moldalievna  
Chairman of the Board

10 March 2022  
Bishkek, Kyrgyz Republic

  
Alybaeva Indrakhan  
Chief accountant

10 March 2022  
Bishkek, Kyrgyz Republic

# OJSC “Dos-Credobank”


## Statement of financial position as of 31 December 2021 (in thousands of Kyrgyz soms)

	Notes	31 December 2021	31 December 2020
<b>ASSETS:</b>			
Cash and cash equivalents	11	1,719,762	1,731,416
Due from banks	12	466,488	453,670
Loans to customers	13	2,956,392	2,207,608
Investment securities	14	449,056	399,062
Property, plant and equipment and right-of-use assets	15	473,274	416,495
Intangible assets	15	43,458	40,636
Assets held for sale	17	21,525	20,791
Other assets	16	119,637	99,967
<b>TOTAL ASSETS</b>		<b>6,249,592</b>	<b>5,369,645</b>
<b>LIABILITIES:</b>			
Customer accounts	18	4,833,089	4,178,631
Lease liabilities		21,311	23,754
Other borrowed funds	19	29,642	23,785
Deferred tax liability	10	5,606	3,475
Other liabilities	20	411,252	296,983
<b>TOTAL LIABILITIES</b>		<b>5,300,900</b>	<b>4,526,628</b>
<b>EQUITY:</b>			
Share capital	21	817,008	622,994
Retained earnings		131,684	220,023
<b>TOTAL EQUITY</b>		<b>948,692</b>	<b>843,017</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,249,592</b>	<b>5,369,645</b>

Signed and approved for issue on behalf of the Board of the Bank:

  
Eshberdieva Cholpon Moldalievna  
Chairman of the Board

10 March 2022  
Bishkek, Kyrgyz Republic

  
Alybaeva Indrakhan  
Chief accountant

10 March 2022  
Bishkek, Kyrgyz Republic

# OJSC “Dos-Credobank”


## Statement of changes in equity for the year ended 31 December 2021 (in thousands of Kyrgyz soms)

	Share capital	Retained earnings	Total equity
<b>Balance at 1 January 2020</b>	<b>622,994</b>	<b>146,140</b>	<b>769,134</b>
Profit for the year	-	102,907	102,907
<b>Total comprehensive income</b>	<b>-</b>	<b>102,907</b>	<b>102,907</b>
Dividends declared (Note 21)	-	(29,024)	(29,024)
<b>Balance at 31 December 2020</b>	<b>622,994</b>	<b>220,023</b>	<b>843,017</b>
Profit for the year	-	131,402	131,402
<b>Total comprehensive income</b>	<b>-</b>	<b>131,402</b>	<b>131,402</b>
Dividends declared (Note 21)	-	(25,727)	(25,727)
Increase in share capital (Note 21)	194,014	(194,014)	-
<b>Balance at 31 December 2021</b>	<b>817,008</b>	<b>131,684</b>	<b>948,692</b>

Signed and approved for issue on behalf of the Board of the Bank:

  
Eshberdieva Cholpon Moldalievna  
Chairman of the Board

10 March 2022  
Bishkek, Kyrgyz Republic

  
Alybaeva Indrakhan  
Chief accountant

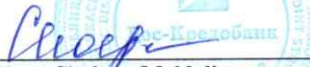
10 March 2022  
Bishkek, Kyrgyz Republic

# OJSC “Dos-Credobank”


## Statement of cash flows for the year ended 31 December 2021 (in thousands of Kyrgyz soms)

	Notes	2021	2020.
<b>Cash flows from operating activities</b>			
Interest receipts		642,962	472,447
Interest payments		(275,750)	(219,091)
Fee and commission receipts	6	271,924	221,371
Fee and commission payments	6	(61,799)	(45,809)
Net receipts from foreign exchange	7	260,765	229,417
Other operating income receipts		3,868	3,799
Personnel expenses payments		(442,262)	(322,433)
Administrative expenses payments		(203,888)	(168,200)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>195,820</b>	<b>171,501</b>
<i>Net (increase)/decrease in operating assets:</i>			
Due from other banks		-	131,323
Loans and advances to customers		(751,664)	(129,173)
Assets held for sale		10,347	4,878
Other assets		(15,917)	11,742
<i>Net increase/(decrease) in operating liabilities:</i>			
Customer accounts		614,862	273,906
Other liabilities		99,015	(34,876)
<b>Cash flows from operating activities before income tax</b>		<b>152,463</b>	<b>429,301</b>
Income tax paid		(14,821)	(14,920)
<b>Cash flows from operating activities</b>		<b>137,642</b>	<b>414,381</b>
<b>Cash flows used in investing activities</b>			
Acquisition of investment securities		(6,548,233)	(6,149,562)
Proceeds from repayment of investment securities		6,498,237	5,994,367
Proceeds from disposal of property, plant and equipment and intangible assets		2,416	198
Acquisition of property, plant and equipment and intangible assets		(107,707)	(100,804)
<b>Cash flows used in investing activities</b>		<b>(155,287)</b>	<b>(255,801)</b>
<b>Cash flows from financing activities</b>			
Payment of dividends to shareholders of the Bank		(23,381)	(24,387)
Payments on lease agreements		(16,603)	(15,450)
Proceeds of other borrowed funds		5,843	23,700
<b>Net cash used in financing activities</b>		<b>(34,141)</b>	<b>(16,137)</b>
Effect of movements in exchange rates on cash and cash equivalents		53,122	250,116
Net increase in cash and cash equivalents		1,336	392,559
Cash and cash equivalents as at the beginning of the year		2,185,104	1,792,545
<b>Cash and cash equivalents as at the end of the year</b>	11	<b>2,186,440</b>	<b>2,185,104</b>
<b>Non-cash transactions</b>			
Foreclosure of collateral		12,829	13,023
<b>Increase in share capital</b>		<b>194,014</b>	<b>-</b>

Signed and approved for issue on behalf of the Board of the Bank:

  
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Chairman of the Board

10 March 2022  
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