

Independent auditor's report

ОсОО Грант Торнтон

КР, 720001 Бишкек,
ул. Тогтогула 125/1

T. +996 312 97 94 90,
Ф. +996 312 97 94 91

Grant Thornton LLC
125/1 Toktogul Str.
720001 Bishkek, KR

T + 996 312 97 94 90
F + 996 312 97 94 91
www.grantthornton.kg

To the shareholders of Bank of Asia Closed Joint Stock Company

Opinion

We have audited the financial statements of Bank of Asia CJSC (hereinafter - the "Bank"), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at December 31, 2021 and of 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 in relation to 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 those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

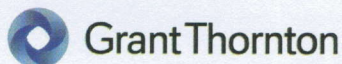
Key Audit Matters

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 loss

Refer to **note 4.4.6** of the financial statements for a description of the accounting policies and to **note 33.1** for an analysis of credit risk.

Expected credit loss allowance was considered as a key audit matter due to significance of loans to customers as well as the subjectivity of assumptions underlying the impairment assessment. Applying different judgments and assumptions can lead to significantly different results of the expected credit loss allowance, which may have a material effect on the Bank's financial results.



Key areas of judgment included the interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Bank's expected credit loss model, the identification of exposures with a significant deterioration in credit quality, assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward looking macroeconomic factors and the need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.

With respect to the classification and measurement of financial assets and liabilities, our audit procedures comprised the following:

- We reviewed the classification and evaluation of the Bank's financial assets and liabilities policies based on IFRS 9 and compared it with the requirements of IFRS 9.
- We assessed the design and tested the operating effectiveness of relevant controls over the data used to determine the impairment reserve, including transactional data captured at loan origination, ongoing internal credit quality assessments, storage of data and interfaces to the expected credit loss model.
- We assessed the design and tested the operating effectiveness of relevant controls over the expected credit loss model, including model build and approval, ongoing monitoring/validation, model governance and mathematical accuracy.
- We checked the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages.
- For forward looking assumptions used by the Bank's management in its expected credit loss calculations, we held discussions with management and corroborated the assumptions using publicly available information.
- We checked the completeness of loans and advances, off-balance sheet items, investment securities, placements and other financial assets included in calculation of allowances for expected credit loss as at December 31, 2021.
- We understood the theoretical soundness and tested the mathematical integrity of the models applied.
- We involved our IT specialists in areas that required specific expertise (i.e. data reliability and the expected credit loss model).
- We assessed the accuracy of the disclosures in the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

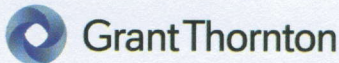
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Yulia Khokhlova
Auditor, Engagement manager
Qualification certificate of the auditor
Series AD No 0014 dated July 24, 2021



March 15, 2022
Bishkek

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

Statement of profit or loss and other comprehensive income

In thousands of Kyrgyz soms

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Interest and similar income	6	504,608	484,399
Interest and similar expense	6	(198,233)	(186,167)
Net interest income		306,375	298,232
Fee and commission income	7	301,639	185,593
Fee and commission expense	7	(33,993)	(28,757)
Net fee and commission income		267,646	156,836
Gains less losses from foreign currency translation	8	107,505	83,180
Net gains/(losses) on financial assets at fair value through profit or loss		122	408
Other income		1,645	3,598
Credit impairment losses	9	(2,628)	(103,207)
Impairment losses/reversal on long-term assets available for sale	21	133	(308)
Personnel expenses	10	(269,433)	(224,829)
Depreciation of property and equipment and intangible assets	20	(55,487)	(47,124)
Other expenses	11	(101,931)	(75,739)
Profit before income tax		253,947	91,047
Income tax expense	12	(29,002)	(16,862)
Profit for the year		224,945	74,185
Other comprehensive income:			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Net change in fair value during the year		(12)	(113)
Other comprehensive income for the year		(12)	(113)
Total comprehensive income for the year		224,933	74,072
Earnings per share	13		
Basic		335.74	116.52

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 64.

Statement of financial position

In thousands of Kyrgyz soms

	Notes	As of 31 December 2021	As of 31 December 2020
Assets			
Cash and cash equivalents	14	1,886,635	1,757,650
Amounts due from other financial institutions	15	208,780	174,554
Derivative financial assets	16	-	230
Financial assets at fair value through profit or loss	17	25,161	5,092
Loans and advances to customers	18	2,833,765	2,691,706
Investment securities	19	275,465	303,791
Property and equipment and Intangible assets	20	261,128	225,999
Long-term assets available for sale	21	33,197	32,463
Other assets	22	63,425	34,518
Total assets		5,587,556	5,226,003
Liabilities and equity			
Liabilities			
Borrowed funds	23	713,772	928,793
Derivative financial liabilities	16	4,317	3,168
Amounts due to customers	24	3,804,180	3,406,078
Current income tax liabilities		9,129	6,278
Deferred income tax liabilities	12	13,412	4,298
Other liabilities	25	148,164	105,933
Total liabilities		4,692,974	4,454,548
Equity			
Share capital	26	670,000	670,000
Fair value reserve		(363)	(351)
Retained earnings		224,945	101,806
Total equity		894,582	771,455
Total liabilities and equity		5,587,556	5,226,003

The financial statements were approved on March 15, 2022 by:

Zemfira Atakishieva
Chairman



Nazira Kustebaeva
Chief accountant

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 64.

Statement of changes in equity

In thousands of Kyrgyz som

	Share capital	Additional paid up capital	Fair value reserve	Retained earnings	Total
Adjusted balance at 1 January 2020	620,000	-	(238)	147,727	767,489
Profit for the year	-	-	-	74,185	74,185
<i>Other comprehensive income:</i>					
Net change in fair value of instrument at FVOCI	-	-	(113)	-	(113)
Total comprehensive income for the year	-	-	(113)	74,185	74,072
Equity increase	50,000	-	-	-	50,000
Dividends to shareholder	-	-	-	(120,106)	(120,106)
Transactions with owners	50,000	-	-	(120,106)	(70,106)
Balance as of December 31, 2020	<u>670,000</u>	<u>-</u>	<u>(351)</u>	<u>101,806</u>	<u>771,455</u>
Profit for the year	-	-	-	224,945	224,945
<i>Other comprehensive income:</i>					
Net change in fair value of instrument at FVOCI	-	-	(12)	-	(12)
Total comprehensive income for the year	-	-	(12)	224,945	224,933
Dividends to shareholder	-	-	-	(101,806)	(101,806)
Transactions with owners	-	-	-	(101,806)	(101,806)
Balance as of December 31, 2021	<u>670,000</u>	<u>-</u>	<u>(363)</u>	<u>224,945</u>	<u>894,582</u>

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 64.

Statement of cash flows

In thousands of Kyrgyz som	Year ended 31 December 2021	Year ended 31 December 2020
<i>Cash flows from operating activities</i>		
Interest received	513,965	463,187
Interest paid	(206,177)	(183,760)
Commissions received	301,462	185,474
Commissions paid	(30,647)	(25,539)
Proceeds from operations with foreign currency	108,712	82,470
Other income received	1,639	2,672
General administrative expenses paid	(457,181)	(305,855)
Cash flows from operating activities before changes in operating assets and liabilities	231,773	218,649
<i>Changes on operating assets</i>		
Derivative financial instruments	1,379	2,916
Amounts due to financial institutions	(31,921)	(28,251)
Amounts due to customers	(146,094)	(617,051)
Other liabilities	30,151	6,935
<i>Change in operating liabilities</i>		
Loans received from financial institutions	(215,021)	327,323
Amounts due to financial institutions	-	(25,428)
Amounts due to customers	398,102	732,531
Other liabilities	42,231	19,145
Net cash from operating activities before income tax	310,600	636,769
Income tax paid	(17,037)	(15,953)
Net cash from operating activities	293,563	620,816

In thousands of Kyrgyz som

	Year ended 31 December 2021	Year ended 31 December 2020
Acquisition of investments	(40,074)	(550,870)
Investment securities disbursement	52,439	594,596
Purchase of fixed assets and intangible assets	(62,995)	(24,411)
Sale of fixed assets and intangible assets	6	12
Net cash flow from/(used) in investing activities	<u>(50,624)</u>	<u>19,327</u>
Cash flow from financing activities		
Proceeds from issue of share capital	-	50,000
Dividends paid	(101,806)	(120,106)
Net cash flow from/(used) in financing activities	<u>(101,806)</u>	<u>(70,106)</u>
Net increase in cash and cash equivalents	<u>141,133</u>	<u>570,037</u>
Changes in expected credit loss	2,708	704
Cash and cash equivalents at the beginning of the year	1,757,650	1,213,614
Exchange differences on cash and cash equivalents	(14,856)	(26,705)
Cash and cash equivalents at the end of the year (Note 14)	<u><u>1,886,635</u></u>	<u><u>1,757,650</u></u>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 64.