

## **INDEPENDENT AUDITOR'S REPORT**

To the Participants and Board of Directors of the LLC "MCC "Bailyk Finance":

### **Opinion**

We have audited the financial statements of the LLC "MCC "Bailyk Finance" (the "Company"), 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 Company 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 Company 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.

### **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 general principles of preparation of financial statements and regulations of the NBKR, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 and regulations of the NBKR 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 the NBKR, 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 Company'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 Company'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 Company 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 Company prepared financial statements in accordance with regulations of the National Bank of the Kyrgyz Republic (the "NBKR") for the year ended December 31, 2022 for which we issued a separate audit report dated February 28, 2023 addressed to the Participants and Board of Directors of the LLC "MCC "Bailyk Finance".



*Kubat Alymkulov*  
Kubat Alymkulov

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

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

**LLC “MICRO-CREDIT COMPANY “BAILYK FINANCE”**

**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	996,792	760,616
Interest expense	5	(429,533)	(289,499)
<b>NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES ON INTEREST BEARING ASSETS</b>	5	<u>567,259</u>	<u>471,117</u>
Allowance for expected credit losses on interest bearing assets	7	(27,342)	(60,525)
<b>NET INTEREST INCOME</b>		<u>539,917</u>	<u>410,592</u>
Commission income	6	54,913	67,207
Net loss on operations with financial instruments at FVTPL	8	(65,504)	(41,293)
Net loss on foreign exchange operations	9	(715)	(13,817)
(Accrual)/recovery of allowance for expected credit losses on non-interest bearing assets	7	(31)	194
Other income	10	25,156	21,928
<b>NET NON-INTEREST INCOME</b>		<u>13,819</u>	<u>34,219</u>
Operating expenses	11	(462,185)	(343,494)
<b>PROFIT BEFORE INCOME TAX</b>		<u>91,551</u>	<u>101,317</u>
Income tax	12	(11,765)	(11,349)
<b>NET PROFIT</b>		<u>79,786</u>	<u>89,968</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>79,786</u>	<u>89,968</u>

On behalf of the Management:

  
**Chinara Moldazhanova**  
**General Director**

February 28, 2023  
 Bishkek, the Kyrgyz Republic



  
**Maya Dzhusupova**  
**Chief Accountant**

February 28, 2023  
 Bishkek, the Kyrgyz Republic

The notes on pages 10-57 form an integral part of the financial statements. The independent auditor's report is on pages 3-4.

# LLC “MICRO-CREDIT COMPANY “BAILYK FINANCE”

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2022 (CONTINUED) (in thousands of Kyrgyz soms)

	Notes	December 31, 2022	December 31, 2021
<b>ASSETS</b>			
Cash and cash equivalents	13	165,883	151,652
Deposits and cash in banks	14	30,154	40,925
Loans to customers	15	3,206,807	2,518,424
Financial instruments at fair value through profit or loss	16	91,405	26,111
Property, equipment and intangible assets	17	38,434	30,712
Right-of-use assets	18	52,075	67,293
Deferred tax assets	12	12,496	2,291
Other assets	19	38,193	11,550
<b>TOTAL ASSETS</b>		<b>3,635,447</b>	<b>2,848,958</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Borrowings	20	2,833,888	2,207,610
Subordinated loan	21	93,507	-
Lease liabilities	18	58,741	72,550
Advances received from customers		45,758	34,443
Other liabilities	22	52,961	35,049
		<b>3,084,855</b>	<b>2,349,652</b>
<b>EQUITY:</b>			
Share capital	23	250,000	250,000
Retained earnings		300,592	249,306
		<b>550,592</b>	<b>499,306</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,635,447</b>	<b>2,848,958</b>

On behalf of the Management:

  
Chinara Moldazhanova  
General Director

February 28, 2023  
Bishkek, the Kyrgyz Republic

  
Maya Dzhusupova  
Chief Accountant

February 28, 2023  
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# LLC "MICRO-CREDIT COMPANY "BAILYK FINANCE"

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

(in thousands of Kyrgyz Soms)

	Notes	Share capital	Retained earnings	Total equity
Balance at January 1, 2021		188,993	220,345	409,338
<b>Comprehensive income</b>				
Profit		-	89,968	89,968
<b>Total comprehensive income</b>		-	89,968	89,968
<b>Transactions with participants</b>				
Increase in share capital	23	61,007	(61,007)	-
<b>Total transactions with participants</b>		61,007	(61,007)	-
Balance at December 31, 2021		250,000	249,306	499,306
<b>Comprehensive income</b>				
Profit		-	79,786	79,786
<b>Total comprehensive income</b>		-	79,786	79,786
<b>Transactions with participants</b>				
Dividends paid	23	-	(28,500)	(28,500)
<b>Total transactions with participants</b>		-	(28,500)	(28,500)
Balance at December 31, 2022		250,000	300,592	550,592

On behalf of the Management:

  
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General Director

February 28, 2023  
Bishkek, the Kyrgyz Republic

  
Maya Dzhusupova  
Chief Accountant

February 28, 2023  
Bishkek, the Kyrgyz Republic

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# LLC “MICRO-CREDIT COMPANY“BAILYK FINANCE”

## 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Interest received		970,555	746,272
Interest paid		(395,182)	(286,717)
Commission received	6	54,913	67,207
Other cash receipts	10	25,156	20,181
Loss on foreign currency transactions	9	(194)	(1,464)
Payments on operations with financial instruments	8	(62,331)	(53,835)
Operating expenses paid		<u>(414,792)</u>	<u>(310,827)</u>
Cash flow from operating activities before changes in operating assets and liabilities		<u>178,125</u>	<u>180,817</u>
<b>Changes in operating assets and liabilities:</b>			
Deposits and cash in financial institutions		12,067	(1,150)
Loans to customers		(690,784)	(877,709)
Financial instruments at fair value through profit or loss		(68,467)	13,564
Other assets		(26,755)	20,538
Borrowers' prepayments		11,315	2,970
Other liabilities		<u>10,612</u>	<u>10,102</u>
Cash outflow from operating activities before income tax paid		<u>(573,887)</u>	<u>(650,868)</u>
Income tax paid		<u>(14,709)</u>	<u>(14,992)</u>
Net cash outflow from operating activities:		<u>(588,596)</u>	<u>(665,860)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, equipment and intangible assets	17	<u>(34,293)</u>	<u>(27,098)</u>
Net cash outflow from investing activities		<u>(34,293)</u>	<u>(27,098)</u>

LLC "MICRO-CREDIT COMPANY" "BAILYK FINANCE"

STATEMENT OF CASH FLOWS (CONTINUED)  
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
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Paid dividends	23	(28,500)	-
Proceeds from borrowings	20	1,944,700	1,716,009
Repayment of borrowings	20	(1,350,161)	(1,096,578)
Proceeds from subordinated loan	21	93,975	-
Repayment of lease liabilities		<u>(19,413)</u>	<u>(14,261)</u>
Net cash inflow from financing activities:		<u>640,601</u>	<u>605,170</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>17,712</u>	<u>(87,788)</u>
Effect of foreign exchange translation difference on cash and cash equivalents		<u>(3,450)</u>	<u>1,580</u>
CASH AND CASH EQUIVALENTS, at the beginning of the year	13	<u>151,995</u>	<u>238,203</u>
CASH AND CASH EQUIVALENTS, at the end of the year	13	<u>166,257</u>	<u>151,995</u>

On May 24, 2021, based on decisions of the participants of the Company, the authorized capital of the Company was increased from 188,993 thousand soms to 250,000 thousand soms by allocating part of the retained earnings for 2020 in the amount of 61,007 thousand soms.

On behalf of the Management:

  
Chinara Moldazhanova  
General Director

February 28, 2023  
Bishkek, the Kyrgyz Republic



  
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