

Kompanion Bank Closed Joint-Stock Company

Consolidated financial statements

*Year ended 31 December 2021
together with independent auditor's report*

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

Management is responsible for the preparation of the consolidated financial statements that present fairly, in all material respects, the financial position of Bank Kompanion Closed Joint Stock Company and its subsidiaries (the "Group") as at 31 December 2021, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with IFRS requirements are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining accounting records that are sufficient to disclose and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS requirements;
- Maintaining accounting records in compliance with the legislation of the Kyrgyz Republic;
- Taking such steps that are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting financial and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved by the Group's management on 4 March 2022.

On behalf of the Management:


Margarita Cherikbaeva
Chief Executive Officer





Maksatbek Satibaldiev
Chief Accountant

4 March 2022

Bishkek,
Kyrgyz Republic

Independent auditor's report

To the Shareholders and Board of Directors of Kompanion Bank CJSC

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated 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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Group's 2021 Annual Report

Other information consists of the information included in Group's 2021 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and Board of Directors for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.



Olga Khegay
Auditor

Qualification certificate of the auditor:
Series AD No. 0017, registration number
No. 0466 of August 7, 2019



Paul Cohn
General Director
Ernst & Young Audit LLC

Qualification certificate of the auditor:
Series A No. 0366, registration number
No. 0446 of October 22, 2018

Audit license: Series A, No. 0036, registration
number No. 0065, issued February 20, 2010
by the State Service for Regulation and
Supervision of the Financial Market under the
Government of the Kyrgyz Republic

Toktogul Str., 125/1, BC "Avangard", Tower B
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4 March 2022

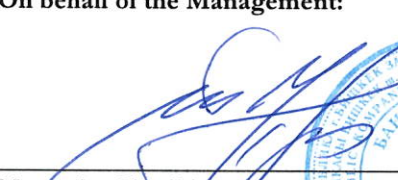
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

(in thousands of Kyrgyz som)


	Note	2021	2020
Interest revenue calculated using effective interest rate	5	2,214,061	1,948,877
Other interest revenue	5	5,540	1,813
Interest expense	5	(739,383)	(708,231)
Net interest income		1,480,218	1,242,459
Credit loss expense	6	(34,837)	(173,591)
Net interest income after credit loss expense		1,445,381	1,068,868
Net income from islamic financing		670	5,583
Fee and commission income	7	207,181	98,442
Fee and commission expense	7	(78,571)	(38,428)
Net gains from derivative financial instruments		1,664	58,745
Net gains/(losses) from foreign currencies			
- dealing		168,639	147,350
- translation differences		3,437	(85,984)
Other income		18,601	12,099
Non-interest income		321,621	197,807
Administrative and operating expenses	8	(1,231,721)	(1,011,296)
Net losses on initial recognition of financial assets at amortized cost		4,625	(1,207)
Other impairment and provisions	17	(1,772)	1,720
Other expenses		(7,397)	(5,493)
Non-interest expense		(1,236,265)	(1,016,276)
Profit before income tax expense		530,737	250,399
Income tax expense	9	(55,330)	(20,311)
Profit for the year		475,407	230,088
Attributable to:			
- shareholders of the Bank		475,407	230,088
- non-controlling interests		—	—
Other comprehensive income		—	—
Total comprehensive income for the year		475,407	230,088
Attributable to:			
- shareholders of the Bank		475,407	230,088
- non-controlling interests		—	—

On behalf of the Management:


Margarita Cherikbaeva
Chief Executive Officer

4 March 2022

Bishkek,
Kyrgyz Republic


Maksatbek Satibaldiev
Chief Accountant

The accompanying notes on pages 5-49 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(in thousands of Kyrgyz som)

	Note	31 December 2021	31 December 2020
Assets			
Cash and cash equivalents	10	1,584,231	1,560,297
Amounts due from credit institutions		50,219	24,175
Derivative financial assets	11	767	—
Loans to customers	12	9,401,951	7,514,418
Assets held for sale	13	30,915	32,914
Investment securities at amortized cost	14	28,532	548,249
Property and equipment and right-of-use assets	15	397,988	382,359
Intangible assets	16	59,292	68,709
Deferred tax assets	9	—	6,679
Other assets	17	417,110	172,009
Total assets		11,971,005	10,309,809
Liabilities			
Amounts due to credit institutions	18	2,088,863	2,022,909
Amounts due to customers	19	6,510,042	5,453,028
Derivative financial liabilities	11	—	2,938
Current income tax liabilities		17,727	13,898
Liabilities directly associated with assets held for sale	13	489	619
Deferred tax liabilities	9	1,639	—
Other liabilities	17	323,297	262,876
Total liabilities		8,942,057	7,756,268
Equity			
Share capital	21	1,000,616	1,000,616
Additional paid-in capital		177,150	177,150
Retained earnings		1,851,180	1,375,773
Total equity attributable to shareholders of the Bank		3,028,946	2,553,539
Non-controlling interests		2	2
Total equity		3,028,948	2,553,541
Total equity and liabilities		11,971,005	10,309,809

On behalf of the Management:

Margarita Cheriubaeva
Chief Executive Officer

4 March 2022

Bishkek,
Kyrgyz Republic

Maksatbek Satibaldiev
Chief Accountant


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

(in thousands of Kyrgyz som)


	<i>Attributable to shareholders of the Bank</i>			<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Retained earnings</i>		
1 January 2020	1,000,616	177,150	1,145,685	2	2,323,453
Total comprehensive income for the year	—	—	230,088	—	230,088
31 December 2020	1,000,616	177,150	1,375,773	2	2,553,541
Total comprehensive income for the year	—	—	475,407	—	475,407
31 December 2021	1,000,616	177,150	1,851,180	2	3,028,948

On behalf of the Management:


Margarita Chirikbaeva
Chief Executive Officer

4 March 2022

Bishkek,
Kyrgyz Republic


Maksatbek Satibaldiev
Chief Accountant

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

(in thousands of Kyrgyz som)

	Note	2021	2020
Cash flows from operating activities			
Interest received		2,151,101	1,657,392
Interest paid		(730,558)	(674,486)
Islamic financing profit received		–	5,649
Fees and commissions received		207,181	98,442
Fees and commissions paid		(78,556)	(38,428)
Realised (losses)/gains from operations with derivative instruments		(1,273)	81,153
Realised gains less losses from dealing in foreign currencies		168,639	147,350
Other operating income received		3,520	4,674
Administrative and operating expenses paid		(1,055,101)	(904,125)
Cash flows from operating activities before changes in operating assets and liabilities		664,953	377,621
<i>Net (increase)/decrease in operating assets</i>			
Amounts due from credit institutions		(25,444)	(21,215)
Loans to customers		(1,865,860)	399,516
Islamic financing		–	25,637
Other assets		(194,510)	(88,662)
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to customers		1,048,332	1,411,555
Amounts due to credit institutions		6,163	16,083
Other liabilities		12,101	340
Net cash flows from operating activities before income tax		(354,265)	2,120,875
Income tax paid		(43,183)	(51,712)
Net cash (used in) / from operating activities		(397,448)	2,069,163
Cash flows from investing activities			
Redemption of investment securities		5,063,340	8,099,289
Purchase of investment securities		(4,540,285)	(8,516,267)
Purchase of property and equipment and intangible assets		(100,934)	(92,466)
Proceeds from sale of property and equipment		13,023	–
Net cash from / (used in) investing activities		435,144	(509,444)
Cash flows from financing activities			
Proceeds from amounts due to credit institutions	27	1,010,874	346,079
Repayment of amounts due to credit institutions	27	(953,846)	(1,538,638)
Repayment of lease liabilities		(72,801)	(61,784)
Repayment of subordinated loan	27	–	(63,467)
Net cash used in financing activities		(15,773)	(1,317,810)
Effect of exchange rates changes on cash and cash equivalents		8,350	135,323
Effect of expected credit losses on cash and cash equivalents	6	(60)	346
Cash and cash equivalents classified as part of assets held for sale		(6,279)	(22,908)
Net increase in cash and cash equivalents		23,934	354,670
Cash and cash equivalents, beginning		1,560,297	1,205,627
Cash and cash equivalents, ending	10	1,584,231	1,560,297
Non-cash transactions			
Repossession of collateral		15,589	6,997

On behalf of the Management:

Margarita Cherikbaeva
Chief Executive Officer

4 March 2022

Bishkek,
Kyrgyz Republic

Maksatbek Satibaldiev
Chief Accountant

The accompanying notes on pages 5-49 are an integral part of these consolidated financial statements.