

KOMPANION BANK CLOSED JOINT STOCK COMPANY

Consolidated financial statements
for the year ended December 31, 2022
and independent auditor's report

KOMPANION BANK CLOSED JOINT STOCK COMPANY

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KOMPANION BANK CLOSED JOINT STOCK COMPANY

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED FOR THE YEAR ENDED DECEMBER 31, 2022

The following statement, which should be read in conjunction with the independent auditor's responsibilities, is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of the Kompanion Bank Closed Joint Stock Company (the "Bank") and its subsidiary Kompanion Invest Limited Liability Microcredit Company (together – the "Group").

Management of the Group is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group as at December 31, 2022, the results of its operations, statement cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (the "IFRS").

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

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether requirements of the accounting legislation of the Kyrgyz Republic and IFRS have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control, throughout the Group;
- maintaining proper accounting records that 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;
- maintaining statutory accounting records in compliance with legislation, accounting standards of the Kyrgyz Republic and requirements set by the National Bank of the Kyrgyz Republic;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- detecting and preventing fraud, errors and other irregularities.

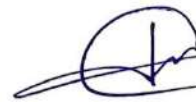
The consolidated financial statements for the year ended December 31, 2022 were approved and authorised for issue on March 13, 2023 by the management of the Group.

On behalf of the Management of the Group:


Margarita Cherikbaeva
Chief Executive Officer

March 13, 2023
Bishkek, the Kyrgyz Republic





Maksatbek Satibaldiev
Chief Accountant

March 13, 2023
Bishkek, the Kyrgyz Republic

INDEPENDENT AUDITOR'S REPORT

To Shareholders and Board of Directors of the Kompanion Bank CJSC:

Opinion

We have audited the consolidated financial statements of the Kompanion Bank Closed Joint Stock Company (the "Bank") and its subsidiary Kompanion Invest Limited Liability Microcredit Company (together – the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 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 consolidated financial statements section of our report. We are independent of the Group 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 Group 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 the management of the Group. 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 Group's allowance for expected credit losses.

We analysed the methodology for estimation of the Group'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 Group.

Responsibilities of the management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated 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 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 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.

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 consolidated financial statements of the Group for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on the consolidated financial statements dated March 9, 2022.

The Group has separately prepared the consolidated financial statements for the year ended December 31, 2022 in accordance with the requirements of the National Bank of the Kyrgyz Republic (the "NBKR"), on which we issued a separate auditor's report dated March 13, 2023 addressed to the Shareholders and Board of Directors of the Kompanion Bank CJSC.




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

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


March 13, 2023
Bishkek, the Kyrgyz Republic

KOMPANION BANK CLOSED JOINT STOCK COMPANY

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

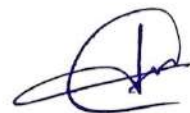
| | Notes | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|--|---------------|--|--|
| Interest income | 5 | 2,696,503 | 2,219,601 |
| Interest expenses | 5 | (914,677) | (739,383) |
| NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES ON INTEREST BEARING ASSETS | | 1,781,826 | 1,480,218 |
| Accrual of allowance for expected credit losses on interest bearing assets | 11, 13, 15 | (95,082) | (32,658) |
| NET INTEREST INCOME | | 1,686,744 | 1,447,560 |
| Net income from islamic financing | | - | 670 |
| Commission income | 6 | 353,311 | 207,181 |
| Commission expenses | 6 | (184,060) | (78,571) |
| Net (loss)/gain on swap operations | 7 | (10,067) | 1,664 |
| Net gain on foreign currency transactions | 8 | 1,136,031 | 172,076 |
| Net income on initial recognition of financial assets at amortized cost | | - | 4,625 |
| Accrual of allowance for impairment losses | 18, 19 | (13,784) | (3,951) |
| Other income, net | | 5,172 | 11,204 |
| NET NON-INTEREST INCOME | | 2,973,347 | 1,762,458 |
| Operating expenses | 9 | (1,659,151) | (1,231,721) |
| PROFIT BEFORE INCOME TAX | | 1,314,196 | 530,737 |
| Income tax | 10 | (124,830) | (55,330) |
| NET PROFIT | | 1,189,366 | 475,407 |
| Loss from discontinued operations | 24 | (379) | - |
| Other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE INCOME | | 1,188,987 | 475,407 |
| Earnings per share | 25 | 1.19 | 0.48 |
| Number of shares | | 1,000,616 | 1,000,616 |

On behalf of the Management of the Group:


Margarita Cherikbaeva
Chief Executive Officer

March 13, 2023
Bishkek, the Kyrgyz Republic




Maksatbek Satibaldiev
Chief Accountant

March 13, 2023
Bishkek, the Kyrgyz Republic

The notes on pages 12-68 form an integral part of the consolidated financial statements.
The independent auditor's report is on pages 3-5.

KOMPANION BANK CLOSED JOINT STOCK COMPANY

CONSOLIDATED 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 | 11 | 2,756,761 | 1,584,879 |
| Due from banks | 12 | 37,531 | 50,219 |
| Loans to customers | 13 | 11,543,660 | 9,401,951 |
| Investments in securities | 15 | 9,231 | 27,884 |
| Financial instruments at fair value through profit or loss | 14 | - | 767 |
| Property, equipment and intangible assets | 16 | 470,722 | 334,678 |
| Right-of-use assets | 17 | 124,773 | 122,602 |
| Assets held for sale | 24 | - | 30,915 |
| Deferred tax assets | 10 | 24,360 | - |
| Long-term assets available for sale | 18 | 27,032 | 29,238 |
| Other assets | 19 | 269,306 | 387,872 |
| | | <u>15,263,376</u> | <u>11,971,005</u> |
| Total assets from continued operations | | | |
| Assets from discontinued operations | 24 | <u>30,250</u> | <u>-</u> |
| TOTAL ASSETS | | <u>15,293,626</u> | <u>11,971,005</u> |
| EQUITY AND LIABILITIES | | | |
| LIABILITIES: | | | |
| Customer accounts | 20 | 8,858,597 | 6,420,308 |
| Due to banks and other financial institutions | | 79,587 | 83,710 |
| Borrowings | 21 | 1,439,389 | 2,005,153 |
| Lease liabilities | 17 | 135,196 | 130,745 |
| Current income tax liabilities | | 23,902 | 17,727 |
| Deferred tax liability | 10 | - | 1,639 |
| Financial instruments at fair value through profit or loss | 14 | 1,880 | - |
| Liabilities held for sale | 24 | - | 489 |
| Other liabilities | 22 | 536,936 | 282,286 |
| | | <u>11,075,487</u> | <u>8,942,057</u> |
| Total liabilities from continued operations | | | |
| Liabilities from discontinued operations | 24 | <u>204</u> | <u>-</u> |

KOMPANION BANK CLOSED JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022 (CONTINUED)

(in thousands of Kyrgyz soms)

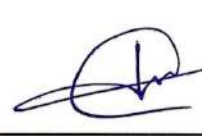
| | Notes | December 31, 2022 | December 31, 2021 |
|-------------------------------------|-------|----------------------|----------------------|
| EQUITY: | | | |
| Share capital | | | |
| Additional paid-in capital | 23 | 1,000,616 | 1,000,616 |
| Retained earnings | | 177,150 | 177,150 |
| | | <u>3,040,167</u> | <u>1,851,180</u> |
| | | <u>4,217,933</u> | <u>3,028,946</u> |
| Non-controlling interests | | <u>2</u> | <u>2</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>15,293,626</u> | <u>11,971,005</u> |

On behalf of the Management of the Group:


Margarita Cherikbaeva
Chief Executive Officer

March 13, 2023
Bishkek, the Kyrgyz Republic




Maksatbek Satibaldiev
Chief Accountant

March 13, 2023
Bishkek, the Kyrgyz Republic


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KOMPANION BANK CLOSED JOINT STOCK COMPANY

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

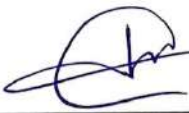
| | Note | Share capital | Additional paid-in capital | Retained earnings | Non-controlling interests | Total equity |
|-----------------------------------|------|---------------|----------------------------|-------------------|---------------------------|--------------|
| Balance at December 31, 2020 | 23 | 1,000,616 | 177,150 | 1,375,773 | 2 | 2,553,541 |
| Comprehensive income | | | | | | |
| Profit for the year | | - | - | 475,407 | - | 475,407 |
| Total comprehensive income | | - | - | 475,407 | - | 475,407 |
| Balance at December 31, 2021 | 23 | 1,000,616 | 177,150 | 1,851,180 | 2 | 3,028,948 |
| Comprehensive income | | | | | | |
| Profit for the year | | - | - | 1,188,987 | - | 1,188,987 |
| Total comprehensive income | | - | - | 1,188,987 | - | 1,188,987 |
| Balance at December 31, 2022 | 23 | 1,000,616 | 177,150 | 3,040,167 | 2 | 4,217,935 |

On behalf of the Management of the Group:


Margarita Cherkbaeva
Chief Executive Officer

March 13, 2023
Bishkek, the Kyrgyz Republic




Maksatbek Satibaldiev
Chief Accountant

March 13, 2023
Bishkek, the Kyrgyz Republic

The notes on pages 12-68 form an integral part of the consolidated financial statements.
The independent auditor's report is on pages 3-5.

KOMPANION BANK CLOSED JOINT STOCK COMPANY

**CONSOLIDATED 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 | | 2,672,073 | 2,151,101 |
| Interest paid | | (882,036) | (730,558) |
| Income on services and commission received | 6 | 353,311 | 207,181 |
| Expenses on services and commission paid | 6 | (184,060) | (78,556) |
| Expenses on derivatives | | (7,420) | (1,273) |
| Other income | | 5,086 | 3,520 |
| Gain on foreign currency transactions | 8 | 1,123,382 | 168,639 |
| Operating expenses paid | | <u>(1,292,985)</u> | <u>(1,055,101)</u> |
| Cash flow from operating activities before changes in operating assets and liabilities | | <u>1,787,351</u> | <u>664,953</u> |
| Changes in due from banks | | 13,706 | (25,444) |
| Changes in loans to customers, banks and financial institutions | | (2,209,559) | (1,865,860) |
| Changes in other assets | | 138,473 | (194,510) |
| Changes in customer accounts and due to banks and financial institutions | | 2,380,239 | 1,048,332 |
| Changes in borrowings | | (6,851) | 6,163 |
| Changes in other liabilities | | <u>28,570</u> | <u>12,101</u> |
| Cash inflow/(outflow) from operating activities before income tax | | <u>2,131,929</u> | <u>(354,265)</u> |
| Income tax paid | | <u>(144,654)</u> | <u>(43,183)</u> |
| Net cash inflow/(outflow) from operating activities | | <u>1,987,275</u> | <u>(397,448)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of property, equipment and intangible assets | 16 | (244,915) | (100,934) |
| Gain from disposal of property, equipment and intangible assets | | - | 13,023 |
| Purchase of investment securities | | (1,869,776) | (4,540,285) |
| Proceeds from sale of investment securities | | <u>1,882,200</u> | <u>5,063,988</u> |
| Net cash (outflow)/inflow from investing activities | | <u>(232,491)</u> | <u>435,792</u> |

KOMPANION BANK CLOSED JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022 (CONTINUED)

(in thousands of Kyrgyz soms)

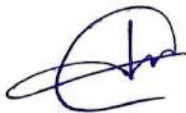
| | Notes | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|--|-------|--|--|
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from borrowings | 21 | 193,348 | 1,010,874 |
| Repayment of borrowings | 21 | (754,185) | (953,846) |
| Payments of lease liabilities | 17 | (72,813) | (72,801) |
| Net cash outflow from financing activities | | (633,650) | (15,773) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 1,121,134 | 22,591 |
| Effect of foreign exchange differences on cash and cash equivalents | | 52,530 | 8,350 |
| Effect of expected credit losses | | (1,331) | (60) |
| Cash and cash equivalents classified as part of assets held for sale | | (451) | (6,279) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 1,171,882 | 24,582 |
| CASH AND CASH EQUIVALENTS, at the beginning of the year | 11 | 1,584,879 | 1,560,297 |
| CASH AND CASH EQUIVALENTS, at the end of the year | 11 | 2,756,761 | 1,584,879 |

On behalf of the Management of the Group:


Margarita Cherikbaeva
Chief Executive Officer

March 13, 2023
Bishkek, the Kyrgyz Republic




Maksatbek Satibaldiev
Chief Accountant

March 13, 2023
Bishkek, the Kyrgyz Republic

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The independent auditor's report is on pages 3-5.