



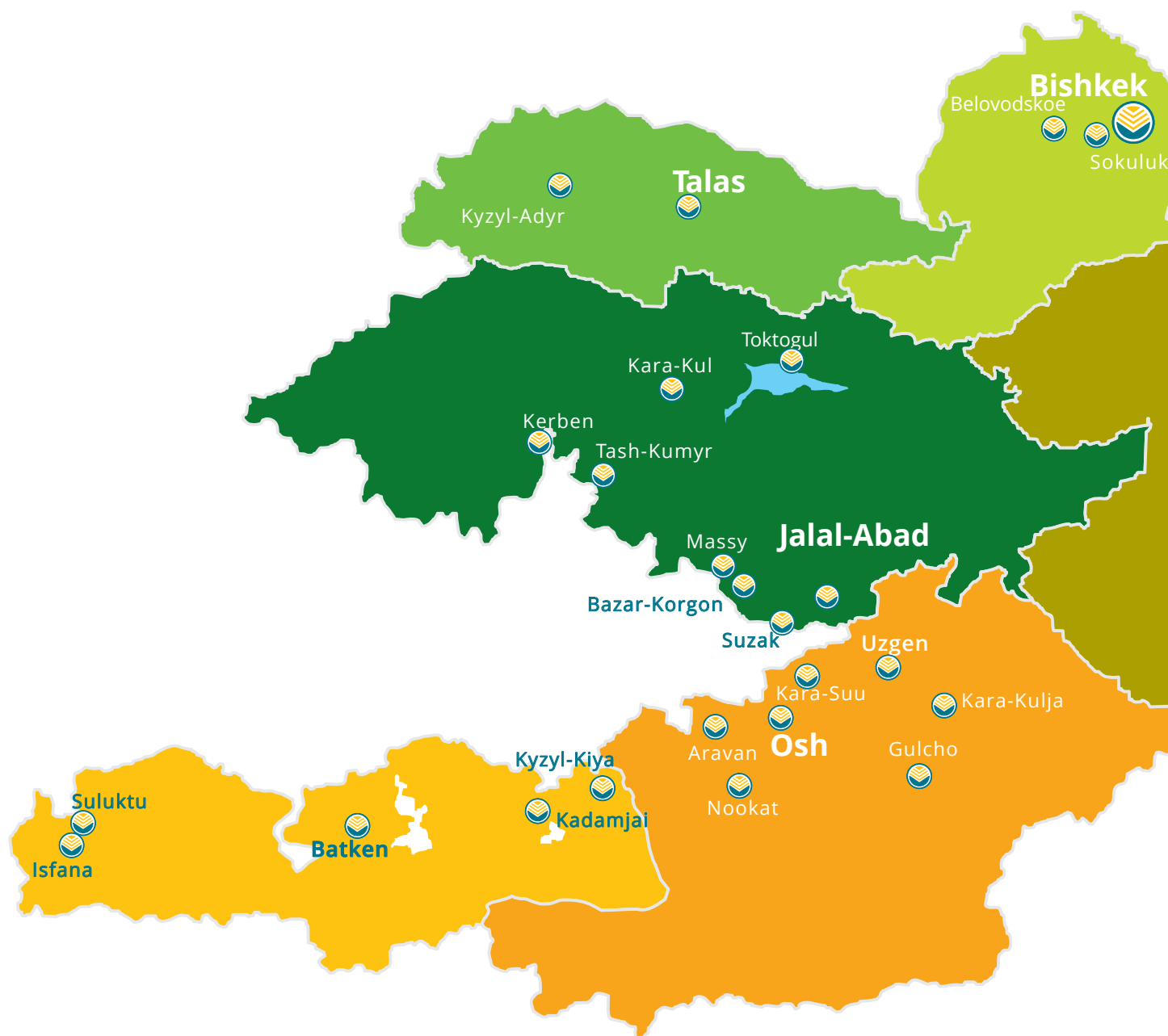
ЖЫЛДЫК ОТЧЕТ
ГODOBOЙ ОТЧЕТ
ANNUAL REPORT

2019

Content:

MESSAGE FROM CEO	4
MANAGEMENT BOARD AND BOARD OF DIRECTORS OF THE BANK	5
INFORMATION ABOUT THE BANK	6
CUSTOMER SERVICE	7
FINANCIAL INDICATORS	8
Assets	8
Liabilities	9
Revenues	10
BANKING CARDS	11
REMOTE BANKING.....	12
CREDIT FINANCING	13
INFORMATION TECHNOLOGY AND SECURITY	16
COUNTER TERRORISM FINANCING AND ANTI-MONEY LAUNDERING	17
TREASURY	17
CORRESPONDENT RELATIONS	18
MONEY TRANSFERS	19
HUMAN RESOURCES	20
FINANCIAL STATEMENTS AND AUDITOR'S REPORT	22

Branches map





Coverage in all regions of the country

24 branches

38 saving cash outlets

26 visiting cash offices

Dear customers and partners!

We are glad to present you the annual report of our Bank. During this year, the Bank has demonstrated qualitative positive dynamics in all key areas, strengthened its position in the market.

During the year, the number of transactions conducted by customers online has increased, which once again proves the correctness of strategic plans. There is no doubt that digitalization will become a global trend that will capture all industries, all spheres of our life, and in the new conditions it is even more relevant. The Bank has launched a number of mobile banking products that play an important role for the entire population and provide services without paper documentation. These are online loans and online transfers between Russia and Kyrgyzstan.

And our goal is to provide customers with the maximum range of services 24/7 available in our remote channels.

The corporate policy encourages the multifaceted development of each employee. The success and achievements of the Bank are primarily due to the close-knit team of Bank employees, as well as due to the trust of customers and the support of partners.

In 2019, "Commercial Bank KYRGYZSTAN" intends not only to consolidate, but also to comprehensively expand and strengthen its position in the financial market of the Republic by increasing the range of convenient service channels, confidently converting banking products to digital technologies, further enhancing confidence in the Bank on the part of customers, and increasing its business reputation among the local and foreign community.

The main task of the Bank will continue to focus on the provision by our Bank of services of very high quality, reliability, mobility and convenience of service in all regions of the country.

Sincerely,

Nuridin ILEBAEV
CEO



Management

Board of Directors:

Chairman of the Board of Directors - Tumonbaev Baktybek Asanalievich

Deputy Chairman of the Board of Directors – Myrzabaev Zhanybek Sagadyldaevich

Member of the Board of Directors - Chokoev Zair Lenarovich

Member of the Board of Directors – Nifadyev Vladimir Ivanovich

Management Board:



First Deputy CEO
Zharkynbek Sagyndykov



Deputy CEO
Aminat Grivtsova



CEO
Nurdin ILEBAEV



Deputy CEO
Azamatbek Zhorobekov



Member of the CEO /
Chief Accountant
Elmira Dzhenbaeva

Information about the Bank

The Bank was created on November 6, 1990, on the basis of Kirkontora of Zhilsotsbank of the USSR, registered with the Ministry of Justice of the Kyrgyz Republic as "KYRGYZSTAN" JSCB. In 2005, the Bank was reorganized into "AKB Kyrgyzstan" OJSC, and since November 20, 2006, the Bank has the current name of "Commercial Bank KYRGYZSTAN" OJSC.

The Bank has been operating for 30 years and has a long experience in the financial market of the republic.

Over the years, the Bank has established itself as one of the most stable and financially sound banks in the Kyrgyz Republic. "Commercial Bank KYRGYZSTAN" OJSC is one of the first commercial banks established in our country. Despite all the external circumstances, throughout this time it worked successfully, each time confirming its status as the first private bank with national capital, with a long experience of work, both in the financial markets of the republic and abroad.

The Bank has an extensive branch network covering the whole republic - it is more than 100 branches, which allows to provide quality service anywhere in the country. The customer base of the Bank is already more than half a million people.

It serves such international cards as Visa, MasterCard and cards of the national payment system of the Kyrgyz Republic

"Elkart" and the national card of the Russian Federation "MIR". The bank has a wide acquiring network - 210 ATMs, more than 1 500 POS terminals throughout the country.

The Bank continues to participate in all state and international programs, for which it annually receives awards from government agencies and international partners.

On the basis of 2019 results the Bank won the awards:

«Best Bank in terms of number of active Elkart cards for 2019» from «Interbank Processing Center» CJSC

«Best Bank based on the results of issued guarantees» from «Guarantee Fund» OJSC

While planning its development, the Bank constantly develops and implements modern technological solutions that help save customers' time so that our offer always meets their expectations.

Stable and balanced policy of the Bank in the financial market allowed to gain confidence not only among the population, enterprises and organizations of Kyrgyzstan, but also received a decent assessment from government agencies and international financial institutions, such as the World Bank, KfW Bank, Islamic Development Bank, Russian-Kyrgyz Development Fund and others.

Customer service



Head of the
contact-center
Aisuluu Bekmyrzaeva

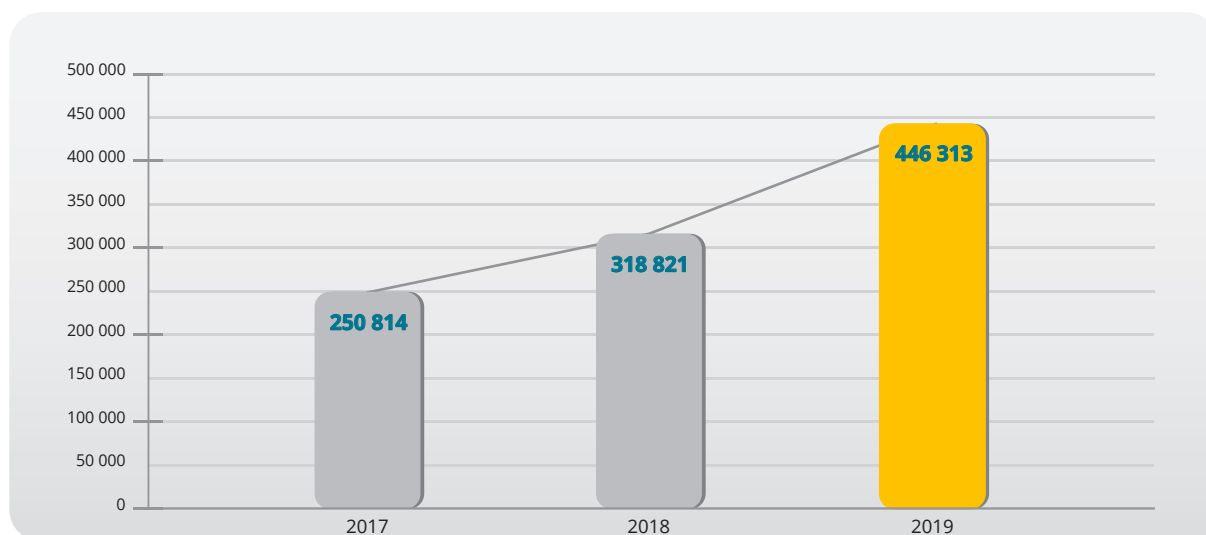
Quality of customer service is one of the first and important goals of the Bank. That is why great attention is paid to work with clients, training in customer focus, introduction of various technologies in terms of customer service.

As the basis for customer relations, the Bank adheres to such principles as **trust**, **quality**, **convenience** and, most importantly, **reliability**.

In order to be available to a client, the Bank has many ways to receive feedback 24/7 - Contact Center, feedback on the website, the Bank's own pages in social networks, as well as popular instant messengers. This allows the Bank to constantly improve its service.

In order to be accessible to the customer, the Bank has many ways to receive feedback 24/7 - Contact Center, feedback on the website, the Bank's own social media sites, as well as popular instant messengers. This allows the Bank to improve constantly its service.

Dynamics of customer calls (incoming calls, return call, requests from the site, Whats App)



Financial indicators



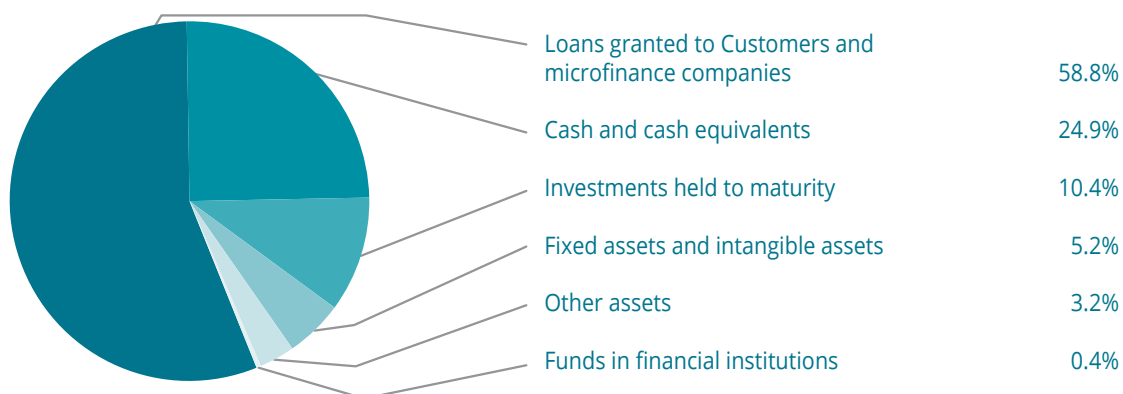
Head of finance
and budget divisions
Chyngyz Seytkaziev

The dynamics of financial indicators of "Commercial Bank KYRGYZSTAN" OJSC testifies to the correctness of the strategies developed, which guarantees its stability, stability and adequate profitability.

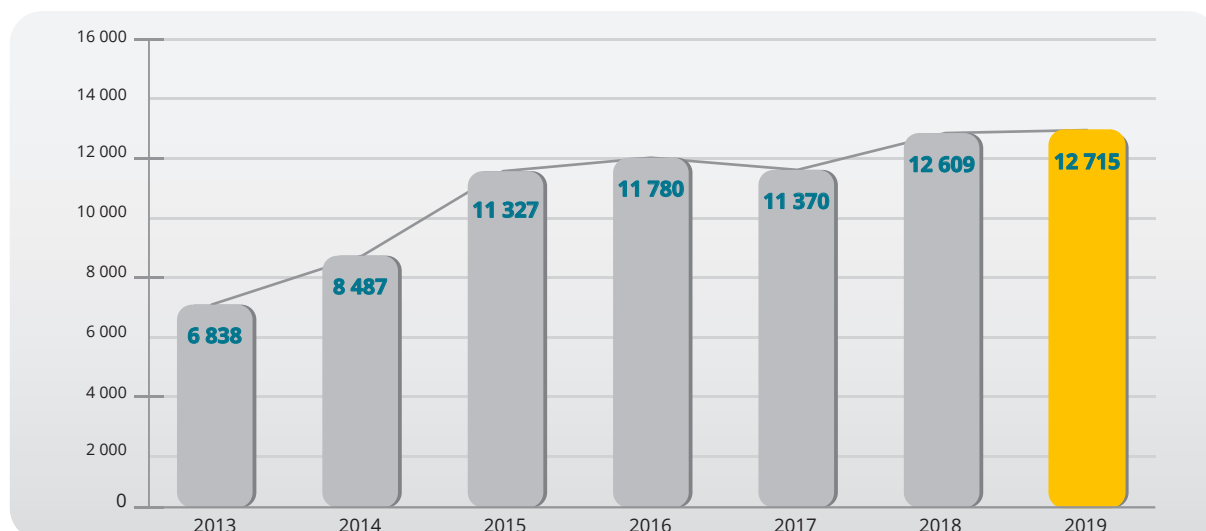
Assets

At the end of 2018, the Bank's assets reached 12 714 million soms.

Assets structure



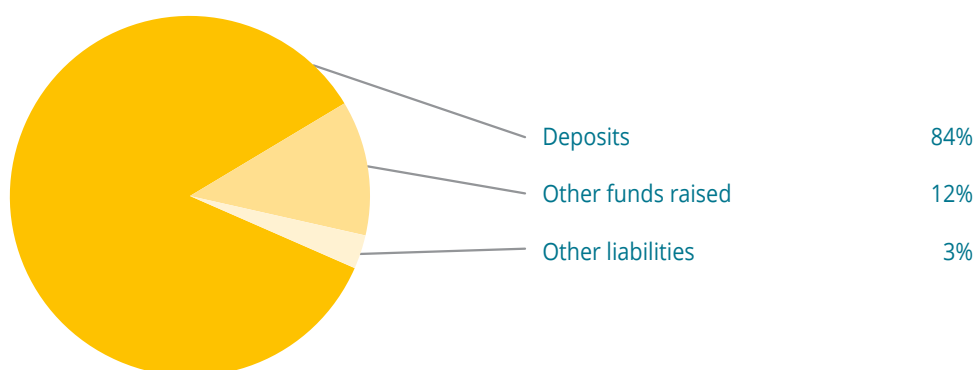
Dynamics of changes in Assets (mln som)



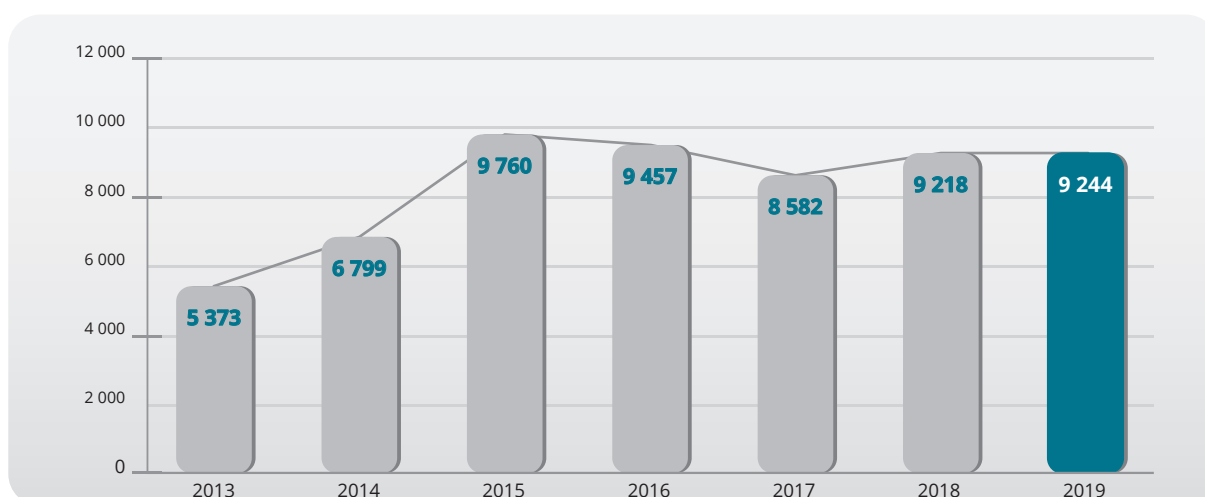
Liabilities

Wide product line of deposits, which meets the demand of all groups of consumers, makes it possible to successfully increase the volume of the deposit base.

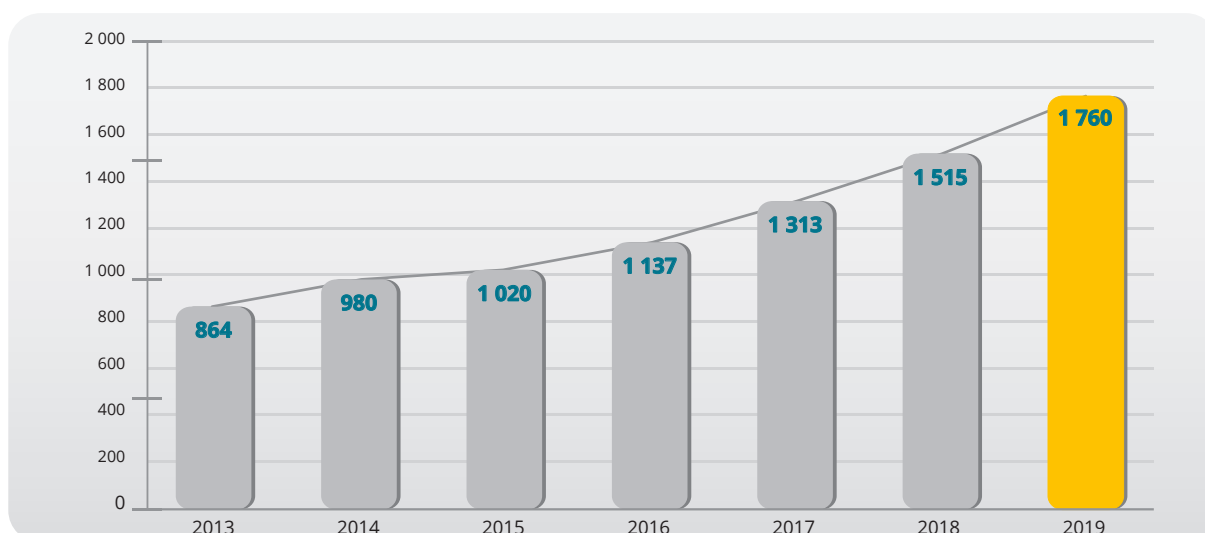
Liability structure



Deposit portfolio (mln som)



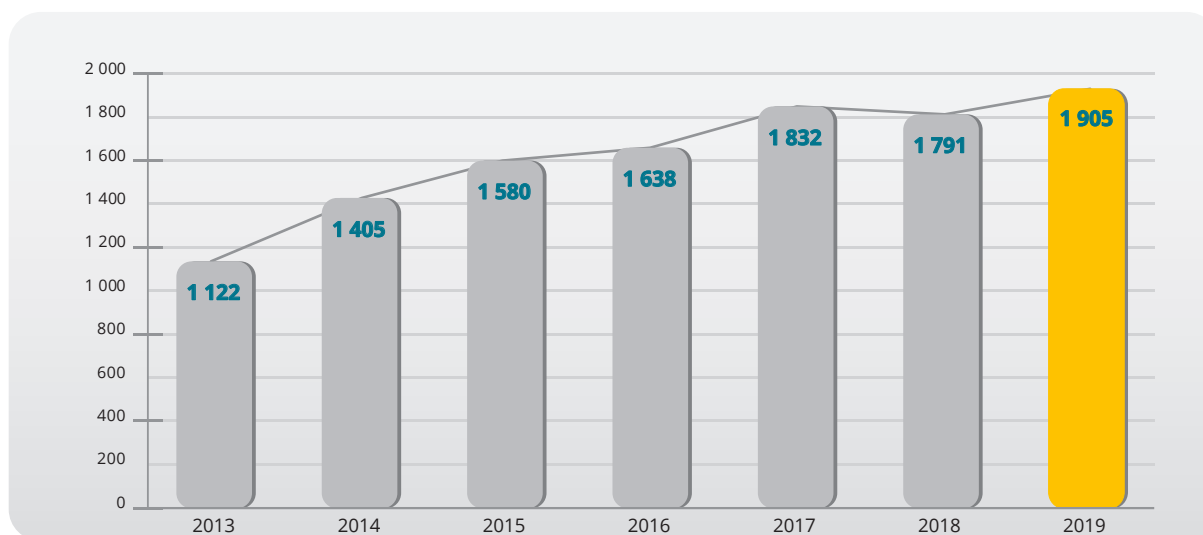
Dynamics of changes in Capital (mln som)



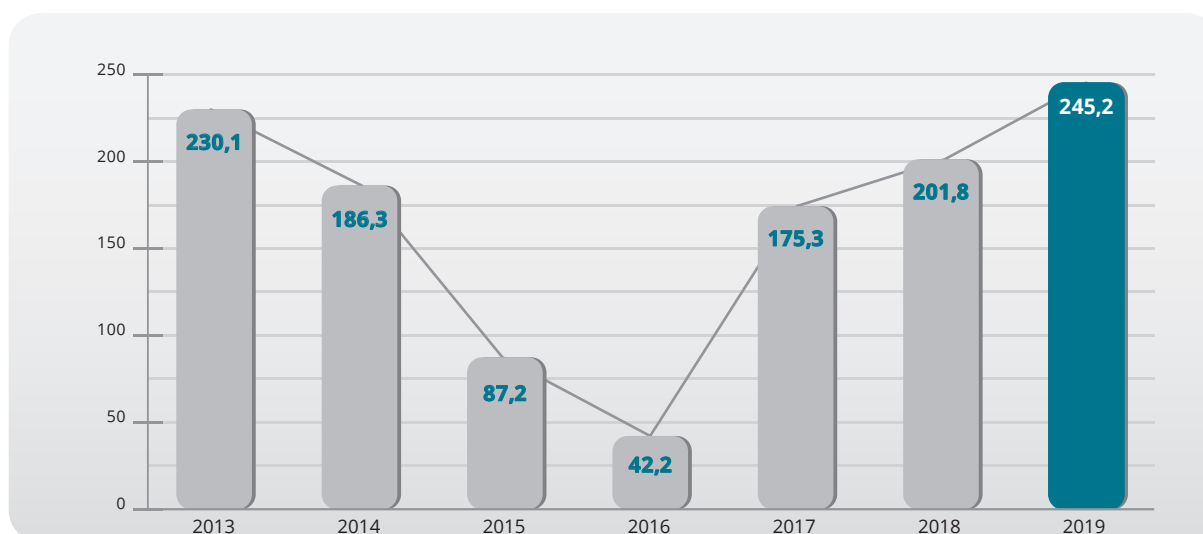
Revenues

The Bank finished 2019 with a gross income of 1 905 million soms. Net profit for 2019 amounted to 245.2 million KG soms.

Dynamics of changes in Gross revenue (mln som)



Net income dynamics (mln som)



Banking cards



Head of banking card
department
Taalai Eshenaliev

The total number of cards issued at the end of 2019 was 133 696 pcs.

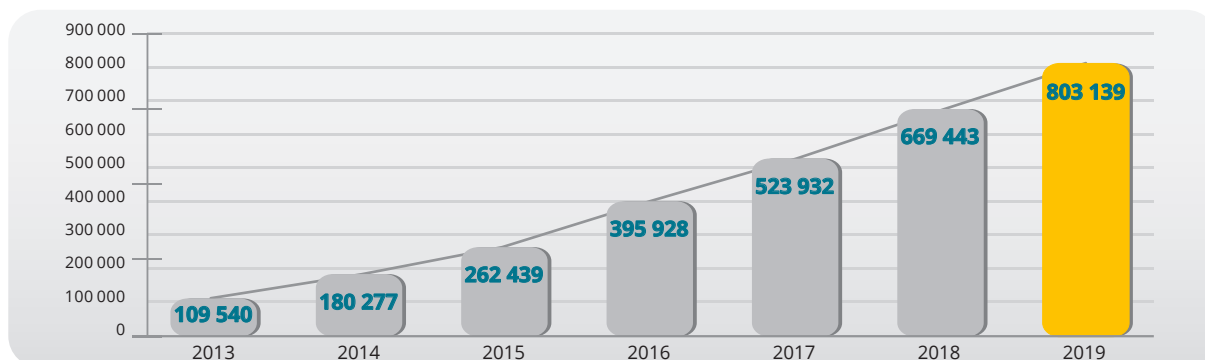
In 2019, the Bank implemented a number of interesting projects:

- Visa Infinite and Visa Platinum premium cards.
- Servicing of cards of the National payment system of the Russian Federation MIR in bank devices (ATMs, POS terminals).

Portfolio of payment cards as of 01.01.2019 (units)

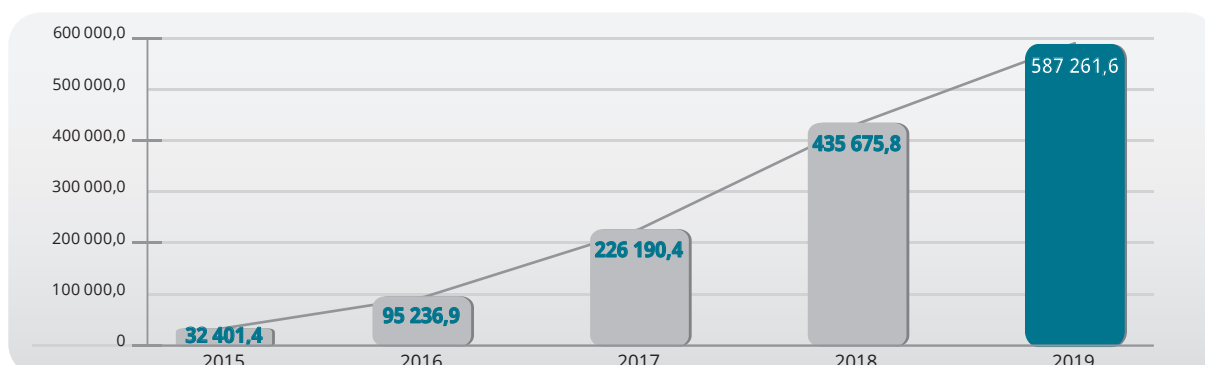


Dynamics of growth in the number of issued cards (pcs. as of the end of the year)



The volume of non-cash transactions is growing every year. In 2019, the volume of transactions at the Bank's Pos terminals amounted to 435 675 756.00 soms.

Dynamics of growth of turnover by Pos-terminals (thousand soms)



Remote banking



Head of
remote banking division
Nazgul Samanchieva

"MBank Online" service is constantly updated with new services for the convenience and comfortable life of customers.

In August 2019, the functionality of money transfers by phone number from a Sberbank customer card through the



Sberbank



Online mobile application to MBank Online user cards from Commercial Bank KYRGYZSTAN was successfully launched.

We have created a convenient service and now Kyrgyzstanis can send money to their relatives without filling in extra fields, without memorizing long card numbers and other things, but knowing only the recipient's mobile phone number.

"Commercial Bank KYRGYZSTAN" is the first bank in the CIS countries to join the Sberbank transfer ecosystem.

Besides, a number of important projects were implemented in 2019:

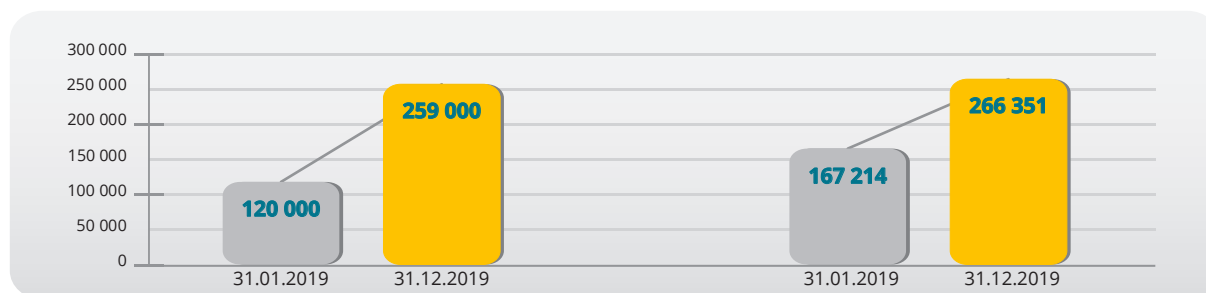
- Market - Order of delivery of food, medicine, and goods from stores directly through the MBank Online application
- Extension of the list of direct providers of payment services
- Expansion of the partner network for adding funds to MBank Online via payment terminals and services.
- Payment for public services: Safe City fines, electronic marketplace, electronic patent
- Issuance of online loans without visiting the Bank in 1 hour.

As of 01.01.20, the total number of active MBank Online users was 137 068 clients.

In 2019, there is a good dynamics of turnover growth: from 120 million soms per month at the beginning of 2019 to 259 million soms per month by the end of the year.

Volumes of MBank Online (thous. soms)

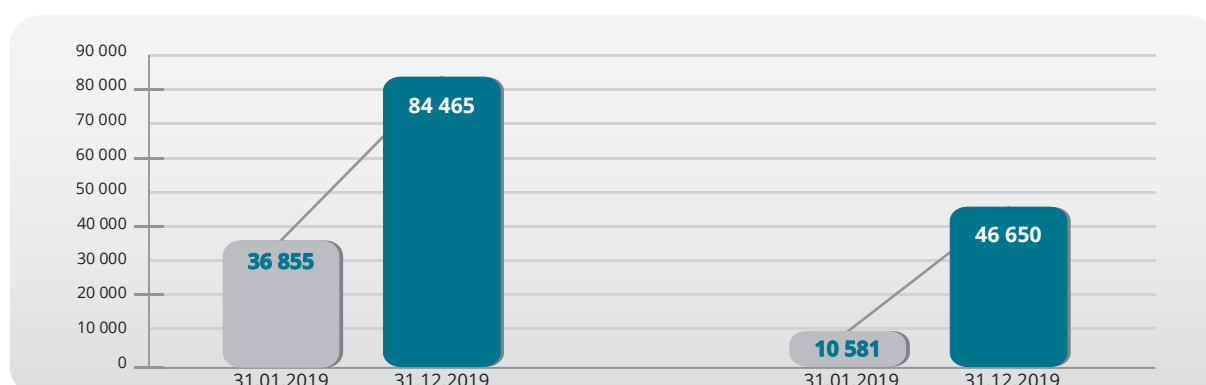
Number of MBank Online transactions



The bank is systematically expanding its network of partners for round-the-clock replenishment of accounts and bank cards, this is already more than 10 thousand devices throughout the Republic. The volume of replenishment through the terminals of partners in 2019 almost doubled.

Volume of replenishment of MBank Online through the terminals of partners (thous. soms)

Number of replenishments of MBank Online through the terminals of partners



Credit activities



*Управляющий директор
по кредитной
деятельности
Дастан Курманбаев*

Program of concessional lending “Financing of Agriculture-7”

The purpose of the program is to provide concessional loans to agricultural producers for the development of animal husbandry, crop production, agro-industrial processing in agriculture, seed and breeding farms, as well as agricultural

cooperatives. Loans are issued for a period of up to 36 months with a possible grace period. For the livestock and crop production sector,

the interest rate is 10% per annum. For the agro-industrial processing sector – 6% per annum, for entities of seed and breeding farms, entities engaged in gardening, greenhouse management and introduction of drip irrigation systems, the interest rate is 8% per annum.

The Bank has been participating in “Financing of Agriculture” project in the regions of the Kyrgyz Republic since 2013. In 2019, the Bank also participated in the state program “Financing of Agriculture-7”, loans were issued for a total amount of more than 151 million soms.

Program of targeted financing of small and medium businesses in Talas oblast within the framework of “Bakubat Talas Welfare Fund” project

In September 2016, an agreement was signed with the “Bakubat Talas Welfare Fund” institution on financing business entities of the Talas oblast. This project was designed for the development of the economy of Talas oblast by providing individuals and small

and medium businesses with concessional loans at 8% per annum. The first tranche in the amount of 70 million soms was disbursed in the first half of 2017. Loans continue to be issued within the framework of the returned resources in 2019 and 2020.

KFW crediting program

The Bank has been participating in the **KfW project “Agrarian Value Chain Financing Program (Value chain finance)”** since autumn 2016.

The program promotes the creation of chains in the agricultural sector between producers, processors and sellers who are directly involved in the supply of products or services, from production to delivery to the end consumer, and supporting value chain organizations that can influence the quality of the final product, whether it is raw materials or finished products.

The bank issues concessional long-term loans for farms or enterprises engaged in production, processing and storage of agricultural products, as well as provision of machine and tractor services, supply of fertilizers and chemicals for the agricultural cycle.

Loans are issued to replenish working capital for up to 3 years and for investment purposes for up to 5 years (until 2023) with an interest rate of 11.8% per annum in national currency.

In the framework of the Program “Value chain finance”, the Bank grants “Sugar Beet” credits to farmers who grow sugar beets.

Since 2015, the Bank has been cooperating with “Kaindy-Kant” OJSC and since 2018 with “Koshoi” OJSC in order to expand the access of agricultural producers to financial resources. Under the signed agreement with sugar factories, beet growers can receive the required amount without an indirect mortgage loan (if there is a contract with the factory) in national currency, on preferential terms and in a short time. The processing plant guarantees timely payment for the beets supplied by a farmer, which allows the farmer and the Bank to minimize

the risks associated with the repayment of loan debt.

In the framework of the Program “Value chain finance”, the Bank cooperates

with milk processors in Issyk-Kul oblast, and from 2018 in Osh and Dzhahalal-Abad oblast on the cotton and organic cotton chain.

Lending within the framework of cooperation with the Russian-Kyrgyz Development Fund

Since 2016, the Bank has been cooperating with the Russian-Kyrgyz Development Fund (hereinafter - the Fund). In 2017, the Bank signed an additional agreement with the Fund to change the loan status to the status of a revolving credit line, under which the Bank can request tranches for the implementation of the programs of the Fund.

The Fund's program “Lending to small and medium businesses through commercial

banks” is aimed at targeted financing of small and medium businesses.

Loans are issued for acquisition, renewal, expansion and modernization of fixed assets in the following sectors: agro-industrial complex, garment and textile industry, manufacturing industry, mining and metallurgical industry, transport, medical services, tourism, education.

Lending within the framework of cooperation with the Islamic Development Bank

Since 2013, the Bank has been providing loans within the framework of the project of the Islamic Development Bank. The main goal of the project is to promote economic growth in the Kyrgyz Republic and reduce poverty by creating and expanding access for the rural and urban poor population,

especially women, to reliable and affordable microfinance services that comply with Shariah for small businesses.

Loans continue to be issued within the returned resources.

Lending within the framework of cooperation with “Guarantee Fund” OJSC

In order to develop and support small and sized business entities by facilitating their access to financial resources, the Bank has been cooperating with “Guarantee Fund” OJSC since 2016. Many entrepreneurs in Kyrgyzstan with good business potential have limited access to financial resources to develop their businesses due to insufficient collateral. Under the agreement, the Guarantee Fund provides an entrepreneur with guarantees for a part of the loan amount in case of insufficient collateral.

The priority areas of the Guarantee Fund in the provision of guarantees are: production and processing of agricultural products (crop production, fruit and berry and fruit and vegetable clusters, meat and dairy

industry, fish industry), industry (clothing and textile industries, production of construction materials); in the service sector it is development of tourism, export, medical services, transport and logistics services, export-oriented and import-substituting enterprises. At the same time, much attention is paid to women's private entrepreneurship.

On the basis of 2018 results, the Bank received several awards from “Guarantee Fund” OJSC:

In the “Best Bank” category - the Bank took 3rd place;

In the “Best Branch” category per oblasts, the award was given to the Bank's branches in Talas oblast and Osh;

Trade financing by the International Islamic Trade and Finance Corporation (hereinafter ITFC)**

On May 14, 2019, Bank KYRGYZSTAN and the International Islamic Trade and Finance Corporation signed an agreement on the

opening of a trade financing line in the amount of 2 million USD.

The financing line assumes the opportunity for entrepreneurs-importers to purchase goods with a deferred payment through ITFC. This is a good option for those companies that do not want to divert their own funds from the turnover for the purchase of goods. The supplier is paid for the goods by ITFC under the Murabaha* agreement; upon expiration of the term, the company returns the debt to ITFC in the amount of the purchase price of the goods with a margin set by ITFC. The

company pays the bank a commission for providing a bank guarantee in favor of ITFC, thus the Bank takes the obligation of the company for the timely repayment of funds for the goods.

The program will provide assistance to entrepreneurs-importers in financing external and internal trade transactions for the acquisition of goods on the principles of Islamic finance.

* Murabaha transaction is a transaction for the sale of goods purchased by ITFC at the request of a client. The price of sale of goods by ITFC is determined by the parties as the sum of the purchase price and the margin agreement agreed by the parties.

** The International Islamic Trade and Finance Corporation is an organization within the Islamic Development Bank group rated "AAA", assigned by S&P, Fitch and Moody's, was established in January 2008 with the aim of promoting trade to improve the economic situation and conditions of life of people all over the world. The main task of ITFC is to stimulate trade between the member countries of the Organization of Islamic Cooperation. The corporation provides assistance to companies to gain access to trade finance, and also assists companies in building trade capacity to compete successfully in the world market. In 2017, Moody's for the first time assigned ITFC an A1/P-1 rating - Stable. Detailed information about the Corporation is available on the website: <https://www.itfc-idb.org/>

Consumer lending

Currently, there is a steady development of the consumer lending sector. All banks in the Kyrgyz Republic are expanding their product lines for consumer loans. In particular, the share of loans issued within the framework of payroll card program is growing rapidly. "Commercial Bank KYRGYZSTAN" OJSC is one of the leading banks in terms of growth in the share of consumer loans. The Bank has in its arsenal a number of available and highly demanded loan products, such as «Payroll Loan», Overdraft within the framework of a payroll card program, "Installment Plan", "Loan per hour", etc. The Bank is constantly working to optimize the procedure for issuing loans, the purpose of which is not only to simplify the lending process, but also to create conditions for the qualitative development of this direction in lending. The Bank aims to continuously increase the number and amount of consumer loans. To achieve these goals, the Bank expands its partner network, conducts various promotions and introduces new technologies.

In 2019, the Bank successfully implemented several attractive projects in the field of consumer lending that meet modern requirements, meaning mobility, efficiency and convenience for customers. One of the most advanced projects was the

development of a new credit product "Online Credit". Loans under this product are issued remotely through the "MBank Online" service, without clients visiting the Bank's offices, without signing any agreements and without submitting documents to the Bank. The identified users of the "MBank Online" service, serviced by the Bank within the framework of the payroll card program, got the opportunity to get a loan from 5000 soms to 15 000 soms in the shortest possible time, for which they just need to log in to the service and leave a loan application.

In order to simplify the issuance process as much as possible, in 2019 the Bank implemented plans to create its own mobile application as part of the "Credit Conveyor" project. To implement the "Credit Conveyor" project, the Bank has attracted the best specialists in the field of software development. Thanks to the creation of such an application, employees of the lending departments were able to draw up applications for a loan and receive a final decision on issuing a loan, regardless of the physical location at the time of application, because to work with the application, it is enough to have a smartphone or tablet on hand, as well as the availability of mobile Internet.

Lending within the framework of cooperation with «State Mortgage Company» OJSC

General Agreement for Cooperation was signed between «State Mortgage Company» OJSC and “Commercial Bank KYRGYZSTAN” OJSC on March 11, 2016.

During the period of cooperation, as of December 31, 2019, more than 700 loans were issued for the purchase and construction of housing for a total amount of more than 820.0 million soms.

The Agreement on transfer of funds was signed between the Bank and “State Mortgage

Company” OJSC on August 1, 2019. As part of the Agreement, the Bank became a participant in the Housing Finance Program from the funds of the German bank KfW. The essence of the project is to provide mortgage loans to socially unprotected segments of the population of the Kyrgyz Republic at preferential interest rates for the purchase of their own housing. Within the framework of the Program, the Bank has a limit of 3 000 000 EUR. It is planned to start issuing loans under the Program in the second quarter of 2020.

Information technology and security



*Head
of technical and network
support division
Emil Jakybaliev*

Information security is an essential aspect of information and communication technologies. Using the latest security systems, the Bank ensures full security of all entrusted information from both external and internal threats. Each transaction is analyzed by a specialized anti-fraud system to detect fraudulent activities, and remote banking systems and web resources work in tandem with modern protection against hacker attacks. The most powerful complexes such as Next Generation Firewall, Web Application Firewall, Data Loss Prevention, etc. are not at all unusual for the Bank, but are used in their daily work by employees of information security and information technology departments, constantly improving their knowledge at international training centers.



*Head
of information
security division
Batyrbek Abdrashytov*

For 2019:

- Computing power of the Bank has been increased, with a complete replacement of the central core-segmentation
- A set of measures aimed at increased fault tolerance was carried out
- All major security systems were timely transferred to the latest updates, using the most advanced information security technologies
- Support and improvement of web resources to “A” (excellent) and “A+” (maximum) protection classes

Combating the Financing of Terrorism/Anti-Money Laundering



Head of
compliance-control
Nazgul Madyarova

"Commercial Bank KYRGYZSTAN" OJSC is constantly taking and improving a set of necessary measures aimed at organizing a strengthened system of internal control to combat the financing of terrorism/anti-money laundering.

The Bank seeks to enter into business relations only with those customers, a proper check of business reputation and source of income of which will

confirm their legitimacy and legality of their activities, which is one of the fundamental principles. The Bank has developed appropriate procedures to enable employees to identify suspicious transactions and take actions against them in accordance with the current legislation of the Kyrgyz Republic. The procedures describe the actions of all employees, from the front office to the management of the Bank.

The Bank categorically does not accept any operations (transactions) related to corruption or money laundering, seeks to prevent dubious transactions and to carry out "healthy" banking activities.

Treasury operations

Treasury operations

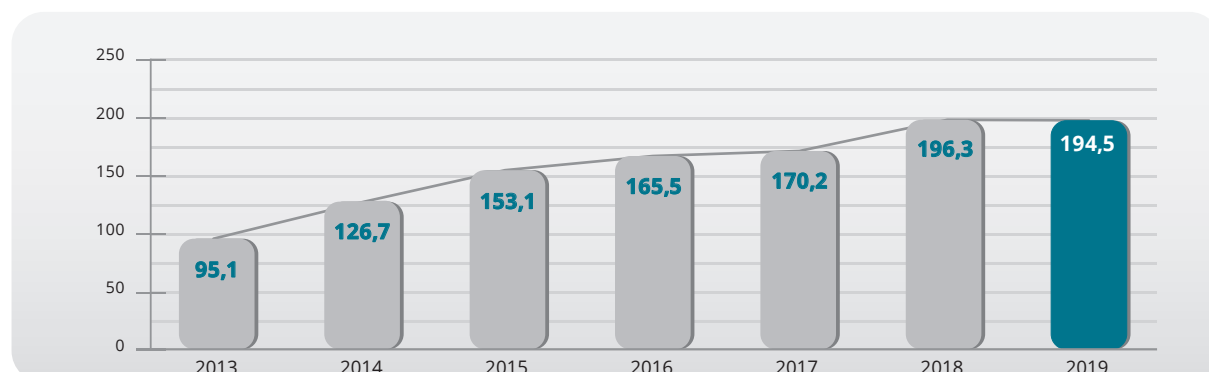


Director of
treasury
Emil Dotaliev

"Commercial Bank KYRGYZSTAN" OJSC actively conducts FX-transactions and banknote transactions with local and foreign banks.

According to the results of 2019, the Bank ranks second in terms of income from foreign exchange operations among the banks of the Kyrgyz Republic.

Dynamics of changes in income from operations with foreign currency (million soms)



Correspondent relations



Head of international
bank operations
division
Anara Tokocheva

"Commercial Bank KYRGYZSTAN" OJSC is an active participant in the international banking market and pays great attention to maintaining an optimal correspondent network in the countries of near and far abroad.

The Bank is constantly working to establish direct correspondent relations with foreign banks, taking into account the need of customers to make international payments using the SWIFT system.

Today the Bank has established correspondent relations with large banks in Europe, Asia and the CIS countries.

Correspondent banks:

	Bank of China	Китай
	Agricultural Bank of China (Xinjiang Nongken Branch)	Китай
	Kookmin bank	Южная Корея
	ПАО Сбербанк России	Россия
	ПАО Альфа Банк	Россия
	ПАО Банк ВТБ	Россия
	ПАО Транскапиталбанк	Россия
	ПАО Промсвязьбанк	Россия
	АО КИВИ Банк	Россия
	АО Народный Банк Казахстана	Казахстан
	АО Банк ЦентрКредит	Казахстан

Money transfers



Head of
money transfer
systems division
Roza Abdylдаeva

The Bank provides money transfer services all over the world without opening an account for the convenience of customers.

The bank operates on 7 systems: Western Union, Contact, Zolotaya Korona, Unistream, MoneyGram, Ria, as well as on the local system "Argymak".

In terms of international money transfer systems, the Bank plans to introduce an increasing number of services using electronic money, mobile applications and bank cards in order to make the service more convenient

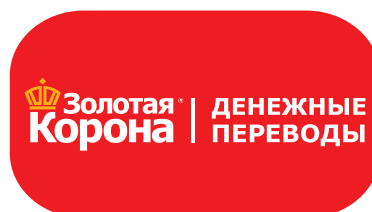
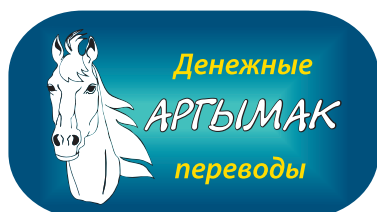
for customers, as well as to involve an even larger audience of interested parties from the standpoint of monetization and financial penetration into the most remote regions of the republic.

The project of crediting money transfers to Visa and Elkart bank cards issued by Kyrgyz banks is successfully operating.

In the coming years, the Bank will also focus on the implementation of new international money transfer systems with interesting, beneficial services and services for customers.

It should be noted that the Bank has strengthened its control over the risks of TIR systems in accordance with the new requirements of "Rules for money transfer systems in the Kyrgyz Republic" of the National Bank of the Kyrgyz Republic.

Money transfer systems



Human resources



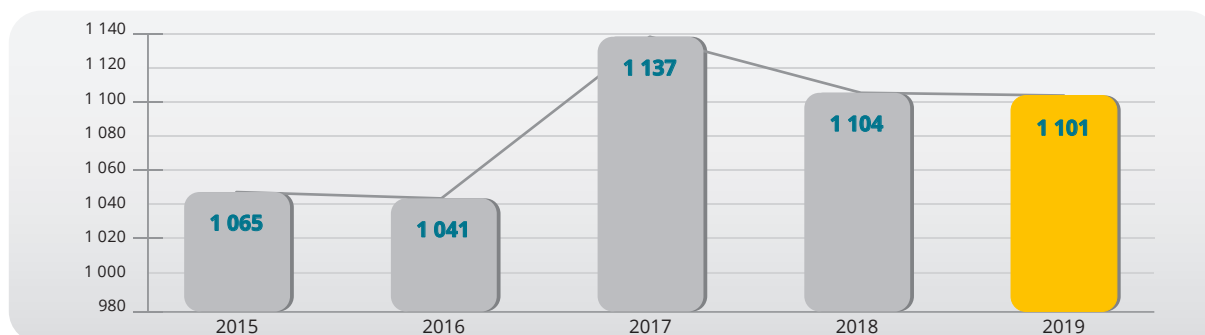
Director HR
development
department
Nurzana Dzhakypbekova

“Commercial Bank KYRGYZSTAN” OJSC considers personnel to be its most important asset and the basis of competitiveness. The Bank manages human capital in such a way as to ensure the implementation of its Development Strategy and create conditions for the growth and fulfillment of personal potential of its employees.

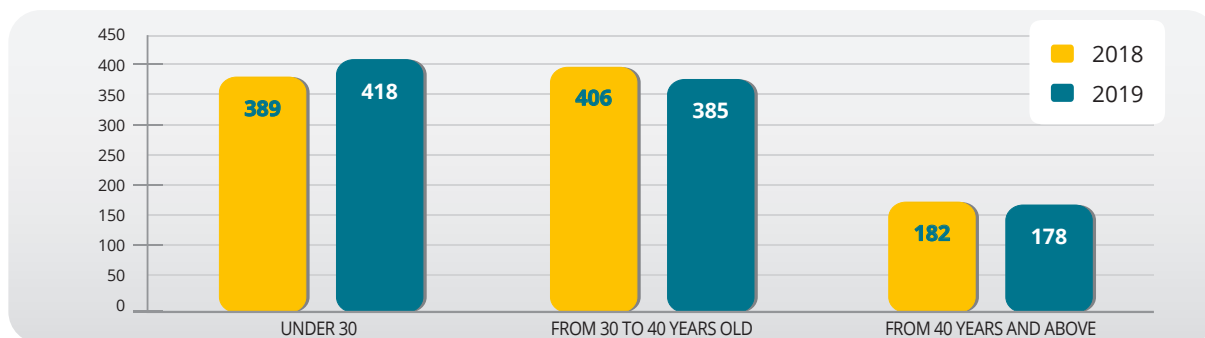
General personnel information

In 2019, the number of staff members of the Bank was 1101.

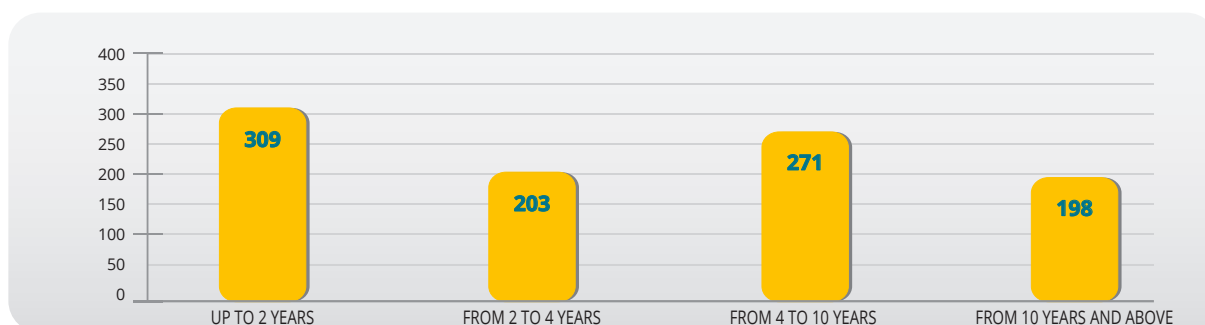
Number of personnel growth dynamics, 2015-2019



Composition of the number of Bank employees by age in 2019



Number of Bank employees as of 2019 by length of service at the Bank



Selection and adaptation

Selection of personnel at “Commercial Bank KYRGYZSTAN” OJSC is carried out in two key segments of positions: specialists and managers. The Bank strives to attract talented people who can contribute to its development. The Bank mainly attracts external candidates for positions of specialists. In the selection of employees for executive positions, priority is given to internal candidates. Rare and unique specialists are attracted from the foreign market.

As part of the selection and assessment of candidates, various assessment procedures are used, including aptitude tests, personality questionnaires, interviews, professional cases.

The Bank pays great attention to attracting and developing young people. More than 50 students of higher educational institutions and educational institutions of secondary vocational education undergo practical training and internship at the Bank every year.

In 2019, agreements were signed with major universities of the country on joint work to train employees in financial literacy and banking and student internships with subsequent employment.

In 2019, as part of the recruitment procedures, “Commercial Bank KYRGYZSTAN” OJSC accepted about 150 new specialists and managers, and a total of 1181 candidates were reviewed and tested.

According to the new mentoring standards of the Bank, newly hired employees are provided with quick and high-quality induction and assistance in a new environment.

For all newly arrived employees, the Bank conducts Adaptation programs “Welcome to the Bank”, training seminars, practical tasks, and an examination for mastering the material. Newcomers are also supported by a fellow mentor who helps them join the team.

Training and development

“Commercial Bank KYRGYZSTAN” OJSC pays close attention to systemic training and development of all target groups of personnel. For this purpose, the Bank conducts unique comprehensive training programs in various formats, which are developed on the basis of business requirements and take into account the corporate competencies of the Bank, and also provides conditions for independent development in the process of work.

The standard training model contains five competencies:

- Customer orientation – deep understanding of customer needs and building trusting, long-term relationships. First-class service in all regions of the country.
- Problem solving and systematic thinking - the ability to solve problems, think systematically and critically, have flexibility, stress resistance.
- Result management and responsibility – the ability to achieve results, create new ideas and improve them to a competitive product or service.

- Innovativeness – participate in the development of trends and technologies, be inquisitive, encourage a variety of thinking patterns, strive for continuous improvement.
- Development of team spirit and collaboration – the ability to interact with colleagues and build teams, conduct an open dialogue, maintain mentoring and team interaction.

This competency model was one of the implementation priorities of the Bank in 2018 and affected not only training and development, but also the selection, assessment and other elements of the HR cycle. Most training programs for managers and specialists are associated with obtaining specialized professional knowledge and skills. The Bank is undergoing a huge number of changes and, of course, HR must support these changes.

Thus, in 2019, 2295 employees underwent training, of which 1777 employees underwent internal training and 518 underwent external training.



INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of Commercial Bank KYRGYZSTAN Open Joint Stock Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Commercial Bank KYRGYZSTAN OJSC (hereinafter, the "Bank"), prepared in accordance with requirements of the National Bank of the Kyrgyz Republic, which comprise the statement of financial position as at 31 December 2019, 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 present fairly, in all material respects, the financial position of the Bank as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with requirements of the National Bank of the Kyrgyz Republic (the "NBKR").

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 of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kyrgyz Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Bank to meet requirement of the NBKR. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of the Bank for the year ended 31 December 2018, prepared in accordance with requirements of NBKR,

were audited by another auditor who expressed an unmodified opinion on those financial statements on 15 March 2019.

Responsibilities of management and Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with requirements of 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 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.

Board of Directors 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 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.

Paul Cohn
Auditor
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

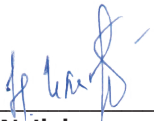
Abdrakhmanov Str., 191
Bishkek 720011, Kyrgyz Republic

31 March 2020

Open Joint Stock Company "Commercial bank KYRGYZSTAN"
Statement of Financial Position
As at 31 December 2019
in thousands of Kyrgyz Soms


	Notes	31 December 2019	31 December 2018
ASSETS			
Cash and cash equivalents	5	3,167,224	3,067,081
Amounts due from financial institutions	6	420,095	271,040
Derivative financial assets	7	17,274	454
Loans to customers	8	6,728,321	6,196,383
Investment securities	9	1,326,269	2,012,812
Property and equipment	10	475,025	389,353
Intangible assets	11	189,044	171,500
Other assets	12	391,346	499,908
TOTAL ASSETS		12,714,598	12,608,531
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to the National Bank of the Kyrgyz Republic	13	428,236	660,354
Amounts due to financial institutions	14	456,469	334,727
Derivative financial liabilities	7	18,423	–
Amounts due to customers	15	8,359,576	8,223,197
Lease liabilities	3	105,868	–
Other borrowed funds	16	1,341,147	1,455,395
Repurchase agreements		–	110,217
Current income tax liabilities		443	1,350
Deferred income tax liabilities	21	14,455	15,555
Other liabilities	12	230,202	293,147
TOTAL LIABILITIES		10,954,819	11,093,942
EQUITY			
Share capital	17	1,301,658	1,301,658
Retained earnings		458,121	212,931
TOTAL EQUITY		1,759,779	1,514,589
TOTAL LIABILITIES AND EQUITY		12,714,598	12,608,531

On behalf of the Management Board:


Mr. N. Ilebaev
Chairman of the Board

31 March 2020
Bishkek, Kyrgyz Republic





Ms. E. Djenbaeva
Chief Accountant

31 March 2020
Bishkek, Kyrgyz Republic

Open Joint Stock Company "Commercial bank KYRGYZSTAN"
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019
in thousands of Kyrgyz Soms


	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Interest income calculated using effective interest rate	18	1,311,444	1,193,639
Other interest income	18	836	–
Interest expense	18	(384,197)	(414,165)
NET INTEREST INCOME		928,083	779,474
Credit loss income	8	72,980	10,415
NET INTEREST INCOME AFTER CREDIT LOSS INCOME		1,001,063	789,889
Fee and commission income	19	372,148	393,003
Fee and commission expense	19	(86,924)	(49,112)
Net gains from financial instruments at fair value through profit or loss		23,195	2,258
Net gains/(losses) from foreign currencies			
- dealing		153,742	214,282
- translation differences		40,729	(17,938)
Other income		3,518	5,399
NON-INTEREST INCOME		506,408	547,892
Administrative operating expenses	20	(1,222,115)	(1,121,872)
Other (expenses)/gain from impairment and formation of provisions		(16,172)	9,882
NON-INTEREST EXPENSE		(1,238,287)	(1,111,990)
PROFIT BEFORE INCOME TAX EXPENSE		269,184	225,791
Income tax expense	21	(23,994)	(23,970)
PROFIT FOR THE YEAR		245,190	201,821
Other comprehensive income		–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		245,190	201,821

On behalf of the Management Board:


Mr. N. Ilebaev
Chairman of the Board

31 March 2020
Bishkek, Kyrgyz Republic



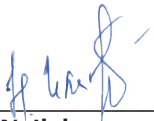

Ms. E. Djenbaeva
Chief Accountant

31 March 2020
Bishkek, Kyrgyz Republic

Open Joint Stock Company "Commercial bank KYRGYZSTAN"
Statement of Changes in Equity
For the Year Ended 31 December 2019
in thousands of Kyrgyz Soms

	Notes	Share capital	Retained earnings	Total equity
As at 31 December 2017		1,126,356	186,418	1,312,774
Comprehensive income for the year		–	201,821	201,821
Issue of share capital	17	175,302	–	175,302
Dividends declared	17	–	(175,308)	(175,308)
At 31 December 2018		1,301,658	212,931	1,514,589
Comprehensive income for the year		–	245,190	245,190
AT 31 DECEMBER 2019		1,301,658	458,121	1,759,779

On behalf of the Management Board:


Mr. N. Ilebaev
Chairman of the Board

31 March 2020
Bishkek, Kyrgyz Republic





Ms. E. Djenbaeva
Chief Accountant

31 March 2020
Bishkek, Kyrgyz Republic

Open Joint Stock Company "Commercial bank KYRGYZSTAN"
Statement of Changes in Equity
For the Year Ended 31 December 2019
in thousands of Kyrgyz Soms


	Notes	Year ended 31 December 2019	Year ended 31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,261,676	1,212,148
Interest paid		(378,284)	(413,109)
Fee and commission income received		372,148	393,003
Fee and commission expenses paid		(87,067)	(49,112)
Realized gains less losses from foreign currencies		153,742	214,282
Realised gains from financial instruments at fair value through profit or loss		24,798	733
Other income received		–	3,409
Operating expenses paid		(1,031,004)	(1,014,345)
Cash flows from operating activities before changes in operating assets and liabilities		316,009	347,009
<i>Net (increase)/decrease in operating assets</i>			
Amounts due from financial institutions		(147,710)	22,908
Loans to customers		(527,861)	(279,404)
Other assets		215,273	67,560
<i>Net increase/(decrease) in operating liabilities</i>			
Repurchase agreements		(110,226)	110,217
Amounts due to financial institutions		118,950	181,652
Amounts due to customers		129,917	372,045
Other liabilities		(82,291)	(38,311)
Net cash flows from operating activities before income tax		(87,939)	783,676
Income tax paid		(26,001)	(19,481)
Net cash flows (used in)/from operating activities		(113,940)	764,195

On behalf of the Management Board:


Mr. N. Ilebaev
Chairman of the Board

31 March 2020
Bishkek, Kyrgyz Republic



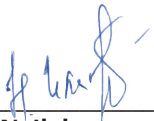

Ms. E. Djenbaeva
Chief Accountant

31 March 2020
Bishkek, Kyrgyz Republic

Open Joint Stock Company "Commercial bank KYRGYZSTAN"
Statement of Changes in Equity
For the Year Ended 31 December 2019
in thousands of Kyrgyz Soms


	Notes	Year ended 31 December 2019	Year ended 31 December 2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of investment securities		686,679	2,806,471
Purchase of investment securities		–	(3,727,176)
Purchase of property, plant and equipment and intangible assets		(111,399)	(100,430)
Proceeds from sale of property and equipment		–	2,840
Net cash from / (used in) investing activities		575,280	(1,018,295)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of other borrowed funds	27	223,666	475,973
Redemption of other borrowed funds	27	(337,042)	(213,902)
Proceeds of funds from the NBKR	27	55,000	389,080
Repayment of funds received from the NBKR	27	(285,987)	(295,456)
Repayment of lease liabilities	3	(70,594)	–
Dividends paid	17	(146)	(336)
Net cash (used in)/from financing activities		(415,103)	355,359
Effect of exchange rate changes on cash and cash equivalents		53,906	2,792
Net decrease in cash and cash equivalents		100,143	104,051
Cash and cash equivalents at the beginning of the year		3,067,081	2,963,030
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	3,167,224	3,067,081

On behalf of the Management Board:


Mr. N. Ilebaev
Chairman of the Board

31 March 2020
Bishkek, Kyrgyz Republic




Ms. E. Djenbaeva
Chief Accountant

31 March 2020
Bishkek, Kyrgyz Republic

*We work for
You!*

