

Kyrgyz Investment and Credit Bank CJSC

Financial Statements
for the year ended 31 December 2012



KPMG Bishkek LLC
21 Erkindik Boulevard
Orion Business Centre, Office 201
Bishkek, Kyrgyz Republic 720040

Telephone +996 312 623 380
Fax +996 312 623 856
E-mail kpmg@kpmg.kg

Independent Auditors' Report

To the Board of Directors of Kyrgyz Investment and Credit Bank CJSC

We have audited the accompanying financial statements of Kyrgyz Investment and Credit Bank CJSC (the "Bank"), which comprise the statement of financial position as at 31 December 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


KPMG Bishkek LLC

6 March 2013



Kyrgyz Investment and Credit Bank CJSC
Statement of Comprehensive Income for the year ended 31 December 2012

	Note	2012 USD'000	2011 USD'000
Interest income	4	20,985	14,803
Interest expense	4	(5,284)	(3,555)
Net interest income		15,701	11,248
Fee and commission income	5	2,941	2,189
Fee and commission expense	6	(996)	(740)
Net fee and commission income		1,945	1,449
Net foreign exchange income	7	1,971	1,705
Share of loss in associate	16	(120)	(182)
Other operating income		88	71
Operating income		19,585	14,291
Impairment (losses)/reversal	8	(866)	104
Personnel expenses	9	(5,096)	(4,293)
Other general administrative expenses	10	(3,993)	(3,424)
Profit before income tax		9,630	6,678
Income tax expense	11	(994)	(717)
Profit and total comprehensive income for the year		8,636	5,961

The financial statements as set out on pages 4 to 52 were approved by the Management on 6 March 2013 and signed on its behalf by:

 Mr. Shahid M. Loan <i>Chairman of the Board of Directors</i>	 Mr. Kwang-Young Chon <i>Chief Executive Officer</i>	 Mr. D. Bogatyrev <i>Chief Finance Officer</i>
--	---	---



The statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 8 to 52.

Kyrgyz Investment and Credit Bank CJSC
Statement of Financial Position as at 31 December 2012

	Note	2012 USD'000	2011 USD'000
ASSETS			
Cash and cash equivalents	12	59,479	58,651
Reverse repurchase agreements	13	8,947	-
Loans to customers	14	117,421	88,229
Investments in securities	15	45,266	12,903
Investment in associate	16	731	325
Property, equipment and intangible assets	17	7,693	6,807
Other assets	18	3,507	1,983
Total assets		243,044	168,898
LIABILITIES			
Deposits and balances from banks	19	14,911	672
Current accounts and deposits from customers	20	147,540	99,474
Subordinated debt	21	2,166	2,192
Other borrowed funds	22	31,960	26,887
Current tax liability		31	227
Other liabilities	23	2,809	2,071
Total liabilities		199,417	131,523
EQUITY			
Share capital	24	17,500	17,500
Share premium		495	495
Retained earnings and other reserves		25,632	19,380
Total equity		43,627	37,375
Total liabilities and equity		243,044	168,898

Kyrgyz Investment and Credit Bank CJSC
Statement of Cash Flows for the year ended 31 December 2012

	2012 USD'000	2011 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	21,151	14,206
Interest payments	(4,763)	(3,391)
Fee and commission receipts	2,607	2,189
Fee and commission payments	(996)	(740)
Net receipts from foreign exchange	1,905	1,697
Other income	88	71
General administrative expense payments	(7,593)	(6,576)
(Increase)/decrease in operating assets		
Reverse repurchase agreements	(8,978)	375
Loans to customers	(30,217)	(23,029)
Other assets	(1,383)	(312)
Increase/(decrease) in operating liabilities		
Deposits and balances from banks	14,241	91
Current accounts and deposits from customers	48,831	28,586
Other liabilities	319	249
Net cash provided from operating activities before taxes paid	35,212	13,416
Income tax paid	(1,189)	(500)
Cash flows from operations	34,023	12,916
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments in securities	(120,157)	(59,850)
Repayment of investments in securities	87,363	49,897
Purchases of investments in associates	(499)	(594)
Purchases of property, equipment and intangible assets	(1,991)	(1,210)
Sales of property, equipment and intangible assets	7	33
Cash flows used in investing activities	(35,277)	(11,724)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of other borrowed funds	13,597	14,989
Repayment of other borrowed funds	(8,859)	(6,883)
Repayment of subordinated debt	(75)	(38)
Shares issued	-	7,500
Dividend paid	(2,384)	(300)
Cash flows from financing activities	2,279	15,268
Net increase in cash and cash equivalents	1,024	16,460
Effect of changes in exchange rates on cash and cash equivalents	(196)	(675)
Cash and cash equivalents at the beginning of the year	58,651	42,866
Cash and cash equivalents at the end of the year (Note 12)	59,479	58,651

Kyrgyz Investment and Credit Bank CJSC
Statement of Changes in Equity for the year ended 31 December 2012

	Share capital USD'000	Share premium USD'000	Retained earnings and other reserves USD'000	Total USD'000
Balance at 1 January 2011	10,000	495	13,719	24,214
Profit and total comprehensive income for the year	-	-	5,961	5,961
Transactions with owners, recorded directly in equity				
Shares issued	7,500	-	-	7,500
Dividends paid	-	-	(300)	(300)
Total transactions with owners	7,500	-	(300)	7,200
Balance at 31 December 2011	17,500	495	19,380	37,375
Balance at 1 January 2012	17,500	495	19,380	37,375
Profit and total comprehensive income for the year	-	-	8,636	8,636
Transactions with owners, recorded directly in equity				
Dividends paid	-	-	(2,384)	(2,384)
Total transactions with owners	-	-	(2,384)	(2,384)
Balance at 31 December 2012	17,500	495	25,632	43,627

Retained earnings and other reserves include retained earnings of prior years and appropriations of retained earnings to a reserve for general banking risks. As at 31 December 2012 the reserve for general banking risks amounts to USD 3,382 thousand (2011: USD 2,297 thousand).