

**Kyrgyz Investment and Credit Bank CJSC**

Financial Statements  
for the year ended 31 December 2011



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## **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 (the "Bank"), which comprise the statement of financial position as at 31 December 2011, 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.

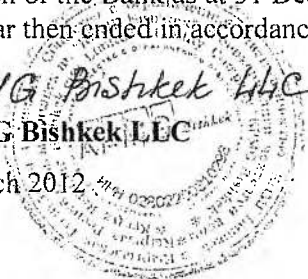
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*KPMG Bishkek LLC*  
**KPMG Bishkek LLC**

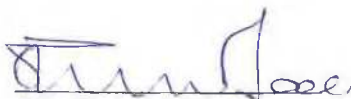
1 March 2012





**Kyrgyz Investment and Credit Bank CJSC**  
Statement of Comprehensive Income for the year ended 31 December 2011

	Note	2011 USD'000	2010 USD'000
Interest income	4	14,803	11,081
Interest expense	4	(3,555)	(2,423)
<b>Net interest income</b>		<b>11,248</b>	<b>8,658</b>
Fee and commission income	5	2,189	1,462
Fee and commission expense	6	(740)	(565)
<b>Net fee and commission income</b>		<b>1,449</b>	<b>897</b>
Net foreign exchange income	7	1,705	899
Share of loss in associate	15	(182)	-
Other operating income		71	27
<b>Operating income</b>		<b>14,291</b>	<b>10,481</b>
Impairment reversal/(losses)	8	104	(2,083)
Personnel expenses	9	(4,293)	(3,581)
Other general administrative expenses	10	(3,424)	(2,757)
<b>Profit before income tax</b>		<b>6,678</b>	<b>2,060</b>
Income tax expense	11	(717)	(224)
<b>Profit for the year and total comprehensive income</b>		<b>5,961</b>	<b>1,836</b>

The financial statements as set out on pages 4 to 47 were approved by the Management on 1 March 2012 and signed on its behalf by:

  
Mr. Shahid M. Loan  
Chairman of the Board of Directors

  
Mr. Kwang-Young Choi  
Chief Executive Officer

  
Mr. D. Bogatyrey  
Chief Finance Officer



*Kyrgyz Investment and Credit Bank CJSC*  
*Statement of Financial Position as at 31 December 2011*

	Note	2011 USD'000	2010 USD'000
<b>ASSETS</b>			
Cash and cash equivalents	12	58,651	42,866
Reverse repurchase agreements		-	435
Loans to customers	13	88,229	64,240
Investments in securities	14	12,903	3,046
Investment in associate	15	325	-
Property, equipment and intangible assets	16	6,807	6,436
Other assets	17	1,983	1,957
<b>Total assets</b>		<b>168,898</b>	<b>118,980</b>
<b>LIABILITIES</b>			
Deposits and balances from banks	18	672	597
Current accounts and deposits from customers	19	99,474	71,312
Subordinated debt	20	2,192	2,263
Other borrowed funds	21	26,887	18,762
Current tax liability		227	9
Other liabilities	22	2,071	1,823
<b>Total liabilities</b>		<b>131,523</b>	<b>94,766</b>
<b>EQUITY</b>			
Share capital	23	17,500	10,000
Share premium		495	495
Retained earnings and other reserves		19,380	13,719
<b>Total equity</b>		<b>37,375</b>	<b>24,214</b>
<b>Total liabilities and equity</b>		<b>168,898</b>	<b>118,980</b>

*Kyrgyz Investment and Credit Bank CJSC*  
*Statement of Cash Flows for the year ended 31 December 2011*

	<b>2011</b> <b>USD'000</b>	<b>2010</b> <b>USD'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest receipts	14,206	10,967
Interest payments	(3,391)	(2,253)
Fee and commission receipts	2,189	1,462
Fee and commission payments	(740)	(565)
Net receipts from foreign exchange	1,697	883
Other income	71	26
General administrative expense payments	(6,576)	(5,672)
<b>(Increase)/decrease in operating assets</b>		
Reverse repurchase agreements	375	1,823
Loans to customers	(23,029)	(8,842)
Other assets	(312)	-
<b>Increase/(decrease) in operating liabilities</b>		
Deposits and balances from banks	91	(5,987)
Current accounts and deposits from customers	28,586	24,646
Other liabilities	249	(75)
<b>Net cash provided from operating activities before taxes paid</b>	<b>13,416</b>	<b>16,413</b>
Income tax paid	(500)	(224)
<b>Cash flows from operations</b>	<b>12,916</b>	<b>16,189</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments in securities	(59,850)	(15,781)
Repayment of investments in securities	49,897	12,817
Purchases of investments in associates	(594)	-
Purchases of property, equipment and intangible assets	(1,210)	(3,643)
Sales of property, equipment and intangible assets	33	52
<b>Cash flows used in investing activities</b>	<b>(11,724)</b>	<b>(6,555)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt of other borrowed funds	14,989	-
Repayment of other borrowed funds	(6,883)	(5,181)
Repayment of subordinated debt	(38)	-
Shares issued	7,500	-
Dividend paid	(300)	-
<b>Cash flows from/(used in) from financing activities</b>	<b>15,268</b>	<b>(5,181)</b>
<b>Net increase in cash and cash equivalents</b>	<b>16,460</b>	<b>4,453</b>
Effect of changes in exchange rates on cash and cash equivalents	(675)	(494)
Cash and cash equivalents at the beginning of the year	42,866	38,907
<b>Cash and cash equivalents at the end of the year (Note 12)</b>	<b>58,651</b>	<b>42,866</b>

*Kyrgyz Investment and Credit Bank CJSC*  
*Statement of Changes in Equity for the year ended 31 December 2011*

	Share capital USD'000	Share premium USD'000	Retained earnings and other reserves USD'000	Total USD'000
<b>Balance at 1 January 2010</b>	10,000	495	11,883	22,378
Profit and total comprehensive income for the year	-	-	1,836	1,836
<b>Balance at 31 December 2010</b>	<b>10,000</b>	<b>495</b>	<b>13,719</b>	<b>24,214</b>
<b>Balance at 1 January 2011</b>	<b>10,000</b>	<b>495</b>	<b>13,719</b>	<b>24,214</b>
Profit and total comprehensive income for the year	-	-	5,961	5,961
<b>Transactions with owners, recorded directly in equity</b>				
Shares issued	7,500	-	-	7,500
Dividends paid	-	-	(300)	(300)
<b>Total transactions with owners</b>	<b>7,500</b>	<b>-</b>	<b>(300)</b>	<b>7,200</b>
<b>Balance at 31 December 2011</b>	<b>17,500</b>	<b>495</b>	<b>19,380</b>	<b>37,375</b>

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 2011 the reserve for general banking risks amounts to USD 2,297 thousand (2010: USD 2,297 thousand).