

**Kyrgyz Investment and Credit Bank CJSC**

Financial Statements  
for the year ended 31 December 2012



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

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 Eho <i>Chief Executive Officer</i>	 Mr. D. Dogatyrev <i>Chief Finance Officer</i>
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*Kyrgyz Investment and Credit Bank CJSC*  
*Statement of Financial Position as at 31 December 2012*

	Note	2012 USD'000	2011 USD'000
<b>ASSETS</b>			
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
<b>Total assets</b>		<b>243,044</b>	<b>168,898</b>
<b>LIABILITIES</b>			
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
<b>Total liabilities</b>		<b>199,417</b>	<b>131,523</b>
<b>EQUITY</b>			
Share capital	24	17,500	17,500
Share premium		495	495
Retained earnings and other reserves		25,632	19,380
<b>Total equity</b>		<b>43,627</b>	<b>37,375</b>
<b>Total liabilities and equity</b>		<b>243,044</b>	<b>168,898</b>

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

	<b>2012</b> <b>USD'000</b>	<b>2011</b> <b>USD'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>(Increase)/decrease in operating assets</b>		
Reverse repurchase agreements	(8,978)	375
Loans to customers	(30,217)	(23,029)
Other assets	(1,383)	(312)
<b>Increase/(decrease) in operating liabilities</b>		
Deposits and balances from banks	14,241	91
Current accounts and deposits from customers	48,831	28,586
Other liabilities	319	249
<b>Net cash provided from operating activities before taxes paid</b>	<b>35,212</b>	<b>13,416</b>
Income tax paid	(1,189)	(500)
<b>Cash flows from operations</b>	<b>34,023</b>	<b>12,916</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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
<b>Cash flows used in investing activities</b>	<b>(35,277)</b>	<b>(11,724)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)
<b>Cash flows from financing activities</b>	<b>2,279</b>	<b>15,268</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,024</b>	<b>16,460</b>
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
<b>Cash and cash equivalents at the end of the year (Note 12)</b>	<b>59,479</b>	<b>58,651</b>

*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
<b>Balance at 1 January 2011</b>	10,000	495	13,719	24,214
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>	7,500	-	(300)	7,200
<b>Balance at 31 December 2011</b>	17,500	495	19,380	37,375
<b>Balance at 1 January 2012</b>	17,500	495	19,380	37,375
Profit and total comprehensive income for the year	-	-	8,636	8,636
<b>Transactions with owners, recorded directly in equity</b>				
Dividends paid	-	-	(2,384)	(2,384)
<b>Total transactions with owners</b>	-	-	(2,384)	(2,384)
<b>Balance at 31 December 2012</b>	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).