

Kyrgyz Investment and Credit Bank CJSC

Consolidated Financial Statements
for the year ended 31 December 2013



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Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Kyrgyz Investment and Credit Bank CJSC and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statements of profit or loss and other 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Bishkek LLC

26 March 2014



KPMG Bishkek LLC, a company incorporated under the Laws of the Kyrgyz Republic, a subsidiary of KPMG Europe LLP, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Kyrgyz Investment and Credit Bank CJSC
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2013

| | Note | 2013 USD'000 | 2012 USD'000 |
|---|------|-----------------|-----------------|
| Interest income | 4 | 24,900 | 20,985 |
| Interest expense | 4 | (6,055) | (5,284) |
| Net interest income | | 18,845 | 15,701 |
| Fee and commission income | 5 | 3,553 | 2,941 |
| Fee and commission expense | 6 | (1,392) | (996) |
| Net fee and commission income | | 2,161 | 1,945 |
| Net income from insurance operations | 7 | 118 | - |
| Net foreign exchange income | 8 | 2,224 | 1,971 |
| Share of profit/(loss) in associate | 17 | 49 | (120) |
| Other operating income | | 193 | 88 |
| Operating income | | 23,590 | 19,585 |
| Impairment losses | 9 | (1,848) | (866) |
| Personnel expenses | 10 | (6,348) | (5,096) |
| Other general administrative expenses | 11 | (5,194) | (3,993) |
| Profit before income tax | | 10,200 | 9,630 |
| Income tax expense | 12 | (1,083) | (994) |
| Profit for the year | | 9,117 | 8,636 |
| Other comprehensive income, net of income tax | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> | | | |
| Foreign currency translation differences | | (19) | - |
| <i>Total items that are or may be reclassified subsequently to profit or loss</i> | | <i>(19)</i> | <i>-</i> |
| Other comprehensive income for the year, net of income tax | | (19) | - |
| Total comprehensive income for the year | | 9,098 | 8,636 |

The consolidated financial statements as set out on pages 4 to 63 were approved by the Management on 26 March 2014 and signed on its behalf by:


 Mr. Rafiuddin Zakir Mahmood
 Chairman of the Board of Directors


 Mr. Kwang-Young Chor
 Chief Executive Officer


 Mr. Mansoor Ali Halari
 Chief Finance Officer



Kyrgyz Investment and Credit Bank CJSC
Consolidated Statement of Financial Position as at 31 December 2013

| | Note | 2013 USD'000 | 2012 USD'000 |
|---|------|-----------------|-----------------|
| ASSETS | | | |
| Cash and cash equivalents | 13 | 81,987 | 59,479 |
| Reverse repurchase agreements | 14 | 11,736 | 8,947 |
| Loans to customers | 15 | 146,920 | 117,421 |
| Investments in securities | 16 | 26,609 | 45,266 |
| Investment in associate | 17 | 775 | 731 |
| Property, equipment and intangible assets | 18 | 10,799 | 7,693 |
| Other assets | 19 | 5,840 | 3,507 |
| Total assets | | 284,666 | 243,044 |
| LIABILITIES | | | |
| Deposits and balances from banks and other financial institutions | 20 | 11,601 | 14,911 |
| Current accounts and deposits from customers | 21 | 170,720 | 147,540 |
| Debt securities issued | 22 | 2,043 | - |
| Subordinated debt | 23 | 2,180 | 2,166 |
| Other borrowed funds | 24 | 43,468 | 31,960 |
| Current tax liability | | - | 31 |
| Other liabilities | 25 | 4,520 | 2,809 |
| Total liabilities | | 234,532 | 199,417 |
| EQUITY | | | |
| Share capital | 26 | 17,500 | 17,500 |
| Share premium | | 495 | 495 |
| Cumulative translation reserve | | (19) | - |
| Retained earnings and other reserves | | 32,158 | 25,632 |
| Total equity | | 50,134 | 43,627 |
| Total liabilities and equity | | 284,666 | 243,044 |

Kyrgyz Investment and Credit Bank CJSC
Consolidated Statement of Cash Flows for the year ended 31 December 2013

| | 2013 USD'000 | 2012 USD'000 |
|---|-------------------------------|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest receipts | 23,903 | 21,151 |
| Interest payments | (5,586) | (4,763) |
| Fee and commission receipts | 3,279 | 2,607 |
| Fee and commission payments | (1,392) | (996) |
| Insurance premiums received | 959 | - |
| Insurance premiums paid to reinsurers | (386) | - |
| Net insurance claims paid | (74) | - |
| Net receipts from foreign exchange | 2,185 | 1,905 |
| Other income receipts | 189 | 88 |
| Personnel and other general administrative expenses | (10,064) | (7,593) |
| (Increase)/decrease in operating assets | | |
| Reverse repurchase agreements | (2,810) | (8,978) |
| Loans to customers | (31,987) | (30,217) |
| Other assets | (1,318) | (1,383) |
| Increase/(decrease) in operating liabilities | | |
| Deposits and balances from banks and other financial institutions | (3,240) | 14,241 |
| Current accounts and deposits from customers | 25,322 | 48,831 |
| Other liabilities | 712 | 319 |
| Net cash (used in)/provided from operating activities before income tax paid | (308) | 35,212 |
| Income tax paid | (1,110) | (1,190) |
| Cash flows (used in)/from operations | (1,418) | 34,022 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of subsidiaries, net of cash received (Note 33) | (625) | - |
| Purchases of investments in associates | - | (499) |
| Purchases of investments in securities | (201,324) | (120,157) |
| Repayment of investments in securities | 219,422 | 87,363 |
| Purchases of property, equipment and intangible assets | (3,762) | (1,991) |
| Sales of property, equipment and intangible assets | 6 | 7 |
| Cash flows from/(used in) investing activities | 13,717 | (35,277) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Placement of debt securities issued | 2,049 | - |
| Repayment of subordinated debt | (77) | (75) |
| Receipt of other borrowed funds | 20,215 | 13,597 |
| Repayment of other borrowed funds | (8,913) | (8,859) |
| Dividend paid | (2,591) | (2,384) |
| Cash flows from financing activities | 10,683 | 2,279 |
| Net increase in cash and cash equivalents | 22,982 | 1,024 |
| Effect of changes in exchange rates on cash and cash equivalents | (474) | (196) |
| Cash and cash equivalents at the beginning of the year | 59,479 | 58,651 |
| Cash and cash equivalents at the end of the year (Note 13) | 81,987 | 59,479 |

Kyrgyz Investment and Credit Bank CJSC
Consolidated Statement of Changes in Equity for the year ended 31 December 2013

| USD'000 | Share capital | Share premium | Cumulative translation reserve | Retained earnings and reserves for general banking risks | Total |
|--|------------------|------------------|--------------------------------------|--|----------------|
| Balance at 1 January 2012 | 17,500 | 495 | - | 19,380 | 37,375 |
| Total comprehensive income | | | | | |
| Profit for the year | - | - | - | 8,636 | 8,636 |
| 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 |
| Balance at 1 January 2013 | 17,500 | 495 | - | 25,632 | 43,627 |
| Profit for the year | - | - | - | 9,117 | 9,117 |
| Other comprehensive income | | | | | |
| Foreign currency translation differences | - | - | (19) | - | (19) |
| Total comprehensive income for the year | - | - | (19) | 9,117 | 9,098 |
| Transactions with owners, recorded directly in equity | | | | | |
| Dividends paid | - | - | - | (2,591) | (2,591) |
| Total transactions with owners | - | - | - | (2,591) | (2,591) |
| Balance at 31 December 2013 | 17,500 | 495 | (19) | 32,158 | 50,134 |

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 2013 the reserve for general banking risks amounts to USD 4,628 thousand (2012: USD 3,382 thousand).