CLOSED JOINT STOCK COMPANY KYRGYZ INVESTMENT AND CREDIT BANK

Consolidated Financial Statements and Independent Auditor's Report
For the year ended 31 December 2014

CLOSED JOINT STOCK COMPANY KYRGYZ INVESTMENT AND CREDIT BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of Closed Joint Stock Company Kyrgyz Investment and Credit Bank ("the Bank") and its subsidiary (together "the Group") as at 31 December 2014, the results of its operations, cash flows and changes in shareholders' equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with Kyrgyz Republic legislation and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The consolidated financial statements for the year ended 31 December 2014 were authorised for issue by Management Board on 20 February 2015.

Mr. Rafiuddin Zakir Mahmood **Chairman of the Board of Directors**	**Mr. Kwang-Young Choi** **Chief Executive Officer**	**Mr. Mansoor Ali Halari** **Chief Finance Officer**
20 February 2015 Bishkek, Kyrgyz Republic	20 February 2015 Bishkek, Kyrgyz Republic	20 February 2015 Bishkek, Kyrgyz Republic

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Closed Joint Stock Company Kyrgyz Investment and Credit Bank:

We have audited the accompanying consolidated financial statements of Closed Joint Stock Company Kyrgyz Investment and Credit Bank ("the Bank") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Closed Joint Stock Company Kyrgyz Investment and Credit Bank and its subsidiary as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The consolidated financial statements of CJSC Kyrgyz Investment and Credit Bank for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those statements on 26 March 2014.

Deloitte & Touche

20 February 2015
Bishkek, Kyrgyz Republic

CLOSED JOINT STOCK COMPANY KYRGYZ INVESTMENT AND CREDIT BANK

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

(in thousands of US dollars)

	Notes	Year ended 31 December 2014	Year ended 31 December 2013*
Interest income	6	29,989	24,900
Interest expense	6	(8,094)	(6,055)
NET INTEREST INCOME BEFORE IMPAIRMENT LOSSES OF PROVISION ON INTEREST BEARING ASSETS		21,895	18,845
Impairment losses of provision on interest bearing assets	7	(1,584)	(1,154)
NET INTEREST INCOME		20,311	17,691
Net gain on foreign exchange operations	8	3,320	2,224
Net income from insurance operations		186	118
Fee and commission income	9	4,195	3,553
Fee and commission expense	9	(1,644)	(1,392)
Share of profits of associates	16	21	49
Other (expense)/income		(62)	193
NET NON-INTEREST INCOME		6,016	4,745
OPERATING INCOME		26,327	22,436
OPERATING EXPENSES	10	(14,811)	(11,542)
OPERATING PROFIT		11,516	10,894
Provision for impairment losses on other transactions	7	(737)	(694)
PROFIT BEFORE TAX		10,779	10,200
Income tax expense	11	(1,215)	(1,083)
NET PROFIT		9,564	9,117
Foreign currency translation differences		(102)	(19)
TOTAL COMPREHENSIVE INCOME		9,462	9,098
Profit attributable to:			
Owners of the group		9,395	9,117
Non-controlling interest		169	-
		9,564	9,117
Total comprehensive income attributable to:			
Owners of the group		9,293	9,098
Non-controlling interest		169	-
		9,462	9,098

*As reclassified, see Note 5.

The notes on pages 9-59 form an integral part of these consolidated financial statements.

CLOSED JOINT STOCK COMPANY KYRGYZ INVESTMENT AND CREDIT BANK

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014
(in thousands of US dollars)

	Notes	31 December 2014	31 December 2013*
ASSETS:			
Cash and balances with the National Bank of the Kyrgyz Republic	12	33,990	33,666
Due from banks	13	51,002	48,321
Reverse repurchase agreements		-	11,736
Loans to customers	14	189,808	146,920
Investments held-to-maturity	15	13,455	26,609
Investments in associates	16	1,388	775
Property, equipment and intangible assets	17	11,887	10,799
Other assets	18	7,108	5,840
TOTAL ASSETS		308,638	284,666
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks	19	13,327	11,601
Customer accounts	20	164,595	170,720
Debt securities issued	21	2,128	2,043
Other borrowed funds	22	65,248	43,468
Current income tax liabilities		147	-
Other liabilities	23	4,421	4,520
Subordinated debt	24	1,860	2,180
TOTAL LIABILITIES		251,726	234,532
EQUITY:			
Share capital	25	17,500	17,500
Share premium	25	495	495
Foreign currency translation reserve	25	(121)	(19)
Retained earnings		37,946	32,158
Total equity attributable to owners of the Group:		55,820	50,134
Non-controlling interest		1,092	-
Total equity		56,912	50,134
TOTAL LIABILITIES AND EQUITY		308,638	284,666

*As reclassified, see Note 5.
The notes on pages 9-59 form an integral part of these consolidated financial statements.

CLOSED JOINT STOCK COMPANY KYRGYZ INVESTMENT AND CREDIT BANK

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014
(in thousands of US dollars)

	Share capital	Share premium	Retained earnings	Cumulative translation reserve	Total equity attributable to owners	Non-controlling interest	Total equity
As at 1 January 2013	17,500	495	25,632	-	43,627	-	43,627
Dividends paid	-	-	(2,591)	-	(2,591)	-	(2,591)
Translation difference	-	-	-	(19)	(19)	-	(19)
Total comprehensive income	-	-	9,117	-	9,117	-	9,117
As at 31 December 2013	17,500	495	32,158	(19)	50,134	-	50,134
Dividends paid	-	-	(3,607)	-	(3,607)	-	(3,607)
Change in non-controlling interest related to increase in share capital of subsidiary	-	-	-	-	-	923	923
Total comprehensive income	-	-	9,395	(102)	9,293	169	9,462
As at 31 December 2014	17,500	495	37,946	(121)	55,820	1,092	56,912

*As reclassified, see Note 5.

The notes on pages 9-59 form an integral part of these consolidated financial statements.

CLOSED JOINT STOCK COMPANY KYRGYZ INVESTMENT AND CREDIT BANK

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014
(in thousands of US dollars)

	Notes	Year ended 31 December 2014	Year ended 31 December 2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received		29,595	23,903
Interest paid		(7,715)	(5,586)
Fees and commissions received		4,195	3,279
Fees and commissions paid		(1,644)	(1,392)
Insurance premiums received		1,079	959
Insurance premiums paid to reinsurers		(637)	(386)
Net insurance claims paid		(142)	(74)
Receipts from trading in foreign currencies		3,287	2,185
Share of profits of associates	16	21	-
Other operating income (paid)/received		(62)	189
Administrative and other operating expenses paid		(12,978)	(10,064)
Cash inflows from operating activities before changes in operating assets and liabilities		14,999	13,013
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Repurchase agreements		11,684	(2,810)
Loans to customers		(50,065)	(31,987)
Other assets		(2,195)	(1,318)
Increase/(decrease) in operating liabilities:			
Due to banks		2,183	(3,240)
Customer accounts		3,762	25,322
Other liabilities		430	712
Net cash outflow from operating activities before income tax		(19,202)	(308)
Income tax paid		(1,042)	(1,110)
Net cash outflow from operating activities		(20,244)	(1,418)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014
(in thousands of US dollars)

	Notes	Year ended 31 December 2014	Year ended 31 December 2013
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment		(3,017)	(3,762)
Proceeds from disposal of property and equipment		96	6
Purchase of investments held to maturity		(165,607)	(201,324)
Proceeds from redemption of investments held to maturity		174,867	219,422
Purchases of investments in associates		(681)	(625)
Net cash inflow from investing activities		5,658	13,717
CASH FLOWS FROM FINANCING ACTIVITIES:			
Receipt of other borrowed funds		39,351	20,215
Repayment of other borrowed funds		(14,901)	(8,913)
Repayment of subordinated debt		(72)	(77)
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control		923	-
Debt securities issued		421	2,049
Dividends paid	25	(3,607)	(2,591)
Net cash inflow from financing activities		22,115	10,683
Effects of changes in foreign exchange rate on cash and cash equivalents		(4,524)	(474)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,005	22,508
CASH AND CASH EQUIVALENTS, beginning of year	12	81,987	59,479
CASH AND CASH EQUIVALENTS, end of year	12	84,992	81,987

*As reclassified, see Note 5.
The notes on pages 9-59 form an integral part of these consolidated financial statements.