

**CLOSED JOINT-STOCK
COMPANY
KYRGYZ INVESTMENT AND
CREDIT BANK**

Financial Statements
For the Year Ended 31 December 2008

CLOSED JOINT-STOCK COMPANY KYRGYZ INVESTMENT AND CREDIT BANK

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the financial statements of Closed Joint-Stock Company Kyrgyz Investment and Credit Bank (the "Bank").

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Bank as at 31 December 2008, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:


- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the financial statements ; and
- Preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Bank will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Bank;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Bank, and which enable them to ensure that the financial statements of the Bank comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation of the Kyrgyz Republic;
- Taking such steps as are reasonably available to them to safeguard the assets of the Bank; and
- Detecting and preventing fraud, errors and other irregularities.

The financial statements for the year ended 31 December 2008 were authorized for issue on 23 March 2009 by Management Board of the Bank.


On behalf of the Management Board:



Shahid M. Loan
Chairman of the
Board of Directors

23 March 2009

Bishkek
Kyrgyz Republic



Kwang-Young Choi
Chief Executive Officer

23 March 2009

Bishkek
Kyrgyz Republic



Talant Omuraliev
Acting Chief Finance
Officer

23 March 2009

Bishkek
Kyrgyz Republic

INDEPENDENT AUDITORS' REPORT

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

Report on the financial statements

We have audited the accompanying financial statements of CJSC Kyrgyz Investment and Credit Bank (the "Bank"), which comprise the balance sheet as at 31 December 2008, the income statement, the statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 CJSC Kyrgyz Investment and Credit Bank as at 31 December 2008, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte and Touche Ltd

23 March 2009
Bishkek, Kyrgyz Republic

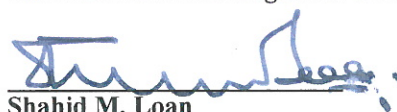
CLOSED JOINT-STOCK COMPANY KYRGYZ INVESTMENT AND CREDIT BANK

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

(in US Dollars and in thousands except for earnings per share which are in USD)

	Notes	Year ended 31 December 2008	Year ended 31 December 2007
Interest income	6, 30	11,188	6,838
Interest expense	6, 30	(3,107)	(1,852)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		8,081	4,986
Provision for impairment losses on interest bearing assets	7, 30	(742)	(40)
NET INTEREST INCOME		7,339	4,946
Net loss on financial assets and liabilities at fair value through profit or loss	8	(611)	(293)
Net gain on foreign exchange operations	9	1,343	985
Fee and commission income	10, 30	1,014	791
Fee and commission expense	10, 30	(160)	(117)
Other income	11	24	9
NET NON-INTEREST INCOME		1,610	1,375
OPERATING INCOME		8,949	6,321
OPERATING EXPENSES	12, 30	(5,306)	(2,993)
(Provision)/recovery of provision for impairment losses on other transactions	7	(27)	17
PROFIT BEFORE INCOME TAX		3,616	3,345
Income tax expense	13	(375)	(335)
NET PROFIT		3,241	3,010
EARNINGS PER SHARE (USD)	14	32	43

On behalf of the Management Board:



Shahid M. Loan
Chairman of the
Board of Directors

23 March 2009

Bishkek
Kyrgyz Republic



Kwang-Young Choi
Chief Executive Officer

23 March 2009

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Talant Omuraliev
Acting Chief Finance
Officer

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Kyrgyz Republic

The notes on pages 8-43 form an integral part of these financial statements.

CLOSED JOINT-STOCK COMPANY KYRGYZ INVESTMENT AND CREDIT BANK

BALANCE SHEET AS AT 31 DECEMBER 2008 (in US dollars and in thousands)

	Notes	31 December 2008	31 December 2007
ASSETS:			
Cash and balances with the National bank of the Kyrgyz Republic	15	12,451	8,462
Due from banks	16, 30	19,305	9,821
Loans to customers	17, 30	56,905	48,989
Investments held-to-maturity	18	5,144	606
Property and equipment	19	1,424	604
Intangible assets	20	1,219	373
Financial assets at fair value through profit or loss	21	-	1,020
Other assets	22, 30	1,072	529
TOTAL ASSETS		97,520	70,404
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks	23, 30	8,502	7,083
Customer accounts	24, 30	40,992	29,026
Other borrowed funds	25, 30	24,585	16,840
Subordinated debt	26, 30	2,428	-
Financial liabilities at fair value through profit or loss	21	200	-
Other liabilities	27	1,611	1,494
Total liabilities		78,318	54,443
EQUITY:			
Share capital	28	10,000	10,000
Share premium	28	495	495
Retained earnings and other reserves		8,707	5,466
Total equity		19,202	15,961
TOTAL LIABILITIES AND EQUITY		97,520	70,404


On behalf of the Management Board:



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Chairman of the
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23 March 2009


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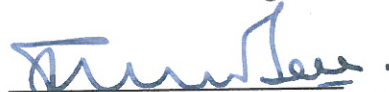
CLOSED JOINT-STOCK COMPANY KYRGYZ INVESTMENT AND CREDIT BANK

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008 (in US dollars and in thousands)

	Note	Share capital	Share premium	Retained earnings and other reserves	Total Equity
31 December 2006		7,000	-	2,456	9,456
Share capital increase		3,000	-	-	3,000
Share premium		-	495	-	495
Net profit		-	-	3,010	3,010
31 December 2007	28	<u>10,000</u>	<u>495</u>	<u>5,466</u>	<u>15,961</u>
Net profit		-	-	3,241	3,241
31 December 2008	28	<u>10,000</u>	<u>495</u>	<u>8,707</u>	<u>19,202</u>

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 2008 and 2007, the reserve for general banking risks amounts to USD 2,265 thousand and USD 1,972 thousand, respectively.


On behalf of the Management Board:



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Chairman of the
Board of Directors

23 March 2009

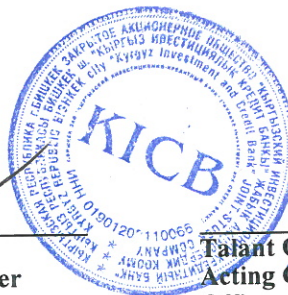

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CLOSED JOINT-STOCK COMPANY KYRGYZ INVESTMENT AND CREDIT BANK

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008 (in US dollars and in thousands)

	Notes	Year ended 31 December 2008	Year ended 31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest and fee and commission receipts		11,446	8,115
Interest and fee and commission payments		(3,019)	(2,256)
Foreign exchange gains		649	581
Administrative expenses		(4,681)	(2,596)
Cash flows from operating activities before changes in operating assets and liabilities		4,395	3,844
(Increase)/decrease in operating assets:			
Due from banks		(812)	718
Loans to customers		(9,040)	(21,202)
Financial assets at fair value through profit or loss		1,834	(1,042)
Other assets		(655)	(154)
Increase in operating liabilities			
Due to banks		1,419	2,139
Customer accounts		15,384	4,849
Other borrowed funds		9,721	10,024
Other liabilities		142	216
Cash inflow from operating activities before taxation		22,388	(608)
Taxes paid		(373)	(401)
Net cash inflow/(outflow) from operating activities		22,015	(1,009)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from investments held to maturity, which have matured		54,072	2,979
Purchase of investments held to maturity		(59,610)	(2,786)
Purchase of property and equipment		(1,196)	(425)
Purchase of intangible assets		(1,071)	(394)
Net cash outflow from investing activities		(7,805)	(626)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issue of ordinary share capital		-	3,000
Share premium		-	495
Net cash inflow from financing activities		-	3,495
NET INCREASE IN CASH AND CASH EQUIVALENTS		14,210	1,860
Effect of changes in foreign exchange rate		(709)	23
CASH AND CASH EQUIVALENTS, beginning of year	15	17,931	16,048
CASH AND CASH EQUIVALENTS, end of year	15	31,432	17,931

On behalf of the Management Board:


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