

Kyrgyz Investment and Credit Bank CJSC

Consolidated Financial Statements
for the year ended 31 December 2015



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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 2015, 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 2015, 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 the Group as at and for the year ended 31 December 2014 were audited by other auditors whose report dated 20 February 2015 expressed an unmodified opinion on those statements.


KPMG Bishkek LLC

KPMG Bishkek LLC


29 February 2016

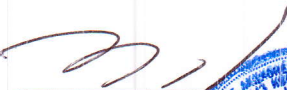
KPMG Bishkek LLC, a company incorporated under the Laws of the Kyrgyz Republic, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.


Kyrgyz Investment and Credit Bank CJSC
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2015

	Note	2015 USD'000	2014 USD'000
Interest income	4	31,711	29,989
Interest expense	4	(11,648)	(8,094)
Net interest income before impairment losses on interest bearing assets		20,063	21,895
Impairment losses on interest bearing assets		(4,983)	(1,584)
Net interest income		15,080	20,311
Fee and commission income	5	3,714	4,195
Fee and commission expense	6	(1,541)	(1,644)
Net fee and commission income		2,173	2,551
Net income from insurance operations	7	227	186
Net foreign exchange income	8	3,307	3,320
Share of profit in associate		96	21
Other operating income (expense)		267	(62)
Operating income		21,150	26,327
Impairment losses on other transactions	9	(179)	(737)
Personnel expenses	10	(8,163)	(7,963)
Other general administrative expenses	11	(7,044)	(6,848)
Profit before income tax		5,764	10,779
Income tax expense	12	(507)	(1,215)
Profit for the year		5,257	9,564
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		(497)	(102)
Other comprehensive income for the year, net of income tax		(497)	(102)
Total comprehensive income for the year		4,760	9,462
Profit attributable to:			
Equity holders of the Bank		4,916	9,395
Non-controlling interest		341	169
		5,257	9,564
Total comprehensive income attributable to:			
Equity holders of the Bank		4,715	9,293
Non-controlling interest		45	169
		4,760	9,462

The consolidated financial statements as set out on pages 4 to 57 were approved by the Management on 29 February 2016 and signed on its behalf by:


Mr. Rafiuddin Zakir Mahmood
Chairman of the Board of Directors


Mr. Kwang-Young Cheri
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 2015

	Note	2015 USD'000	2014 USD'000
ASSETS			
Cash and cash equivalents	13	148,119	84,992
Cash and balances with NBKR	13	37,899	33,990
Due from banks	14	110,220	51,002
Loans to customers	15	146,738	189,808
Investments in securities	16	10,760	13,455
Investment in associate	17	1,474	1,388
Property, equipment and intangible assets	18	11,613	11,887
Current tax asset		392	-
Other assets	19	11,770	7,108
Total assets		330,866	308,638
LIABILITIES			
Deposits and balances from banks and other financial institutions	20	14,783	13,327
Current accounts and deposits from customers	21	199,638	164,595
Debt securities issued	22	1,696	2,128
Subordinated debt	23	1,604	1,860
Other borrowed funds	24	49,793	65,248
Current tax liability		-	147
Other liabilities	25	5,368	4,421
Total liabilities		272,882	251,726
EQUITY			
Share capital	26	17,500	17,500
Share premium		495	495
Cumulative translation reserve		(322)	(121)
Retained earnings and other reserves for general banking risks		39,174	37,946
Total equity attributable to equity holders of the Bank		56,847	55,820
Non-controlling interest		1,137	1,092
Total equity		57,984	56,912
Total liabilities and equity		330,866	308,638

Kyrgyz Investment and Credit Bank CJSC
Consolidated Statement of Cash Flows for the year ended 31 December 2015

	2015 USD'000	2014 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	31,211	29,595
Interest payments	(11,732)	(7,715)
Fee and commission receipts	3,714	4,195
Fee and commission payments	(1,541)	(1,644)
Insurance premiums received	1,241	1,079
Insurance premiums paid to reinsurers	(854)	(637)
Net insurance claims paid	(160)	(142)
Net receipts from foreign exchange	2,655	3,287
Other income receipts	263	(41)
Personnel and other general administrative expenses	(13,167)	(12,978)
(Increase)/decrease in operating assets		
Reverse repurchase agreements	-	11,684
Loans to customers	27,782	(50,065)
Other assets	(4,557)	(2,195)
Increase/(decrease) in operating liabilities		
Deposits and balances from banks and other financial institutions	1,456	2,183
Current accounts and deposits from customers	48,639	3,762
Other liabilities	794	430
Net cash from/(used in) operating activities before income tax paid	85,744	(19,202)
Income tax paid	(1,046)	(1,042)
Cash flows from/(used in) operations	84,698	(20,244)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments in associates	-	(681)
Purchases of investments in securities	(52,072)	(165,607)
Repayment of investments in securities	55,146	174,867
Purchases of property, equipment and intangible assets	(2,159)	(3,017)
Sales of property, equipment and intangible assets	277	96
Cash flows from investing activities	1,192	5,658
CASH FLOWS FROM FINANCING ACTIVITIES		
Placement of debt securities issued	3,366	882
Redemption of debt securities issued	(3,793)	(461)
Repayment of subordinated debt	(251)	(72)
Receipt of other borrowed funds	26,366	39,351
Repayment of other borrowed funds	(40,430)	(14,901)
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	-	923
Dividend paid	(3,688)	(3,607)
Cash flows (used in)/from financing activities	(18,430)	22,115
Net increase in cash and cash equivalents	67,460	7,529
Effect of changes in exchange rates on cash and cash equivalents	(4,333)	(4,524)
Cash and cash equivalents at the beginning of the year	84,992	81,987
Cash and cash equivalents at the end of the year (Note 13)	148,119	84,992

USD'000	Attributable to equity holders of the Bank						
	Share capital	Share premium	Cumulative translation reserve	Retained earnings and other reserves for general banking risks	Total equity attributable to owners	Non-controlling interest	Total
Balance at 1 January 2014	17,500	495	(19)	32,158	50,134	-	50,134
Total comprehensive income							
Profit for the year	-	-	-	9,395	9,395	169	9,564
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences	-	-	(102)	-	(102)	-	(102)
Total comprehensive income for the year	-	-	(102)	9,395	9,293	169	9,462
Change in non-controlling interest related to increase in share capital of subsidiary	-	-	-	-	-	923	923
Dividends paid	-	-	-	(3,607)	(3,607)	-	(3,607)
Total transactions with owners	-	-	-	(3,607)	(3,607)	923	(2,684)
Balance at 31 December 2014	17,500	495	(121)	37,946	55,820	1,092	56,912
Balance at 1 January 2015	17,500	495	(121)	37,946	55,820	1,092	56,912
Profit for the year	-	-	-	4,916	4,916	341	5,257
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences	-	-	(201)	-	(201)	(296)	(497)
Total comprehensive income for the year	-	-	(201)	4,916	4,715	45	4,760
Transactions with owners, recorded directly in equity							
Dividends paid	-	-	-	(3,688)	(3,688)	-	(3,688)
Total transactions with owners	-	-	-	(3,688)	(3,688)	-	(3,688)
Balance at 31 December 2015	17,500	495	(322)	39,174	56,847	1,137	57,984