

Kyrgyz Investment and Credit Bank CJSC

Financial Statements

for the year ended 31 December 2010



KPMG Bishkek LLC
191, Abdrakhmanov Street
Hyatt Regency Bishkek, Office 125,
Bishkek, Kyrgyz Republic, 720011

Telephone +996 (312) 68 02 04
Fax +996 (312) 43 22 88
E-mail company@kpmg.kg

Independent Auditors' Report

To the Management 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 2010, 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 our 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 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Bishkek

KPMG Bishkek LLC

7 March 2011





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
Statement of Comprehensive Income for the year ended 31 December 2010

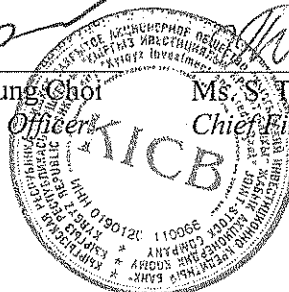
	Note	2010 USD'000	2009 USD'000
Interest income	4	11,081	10,839
Interest expense	4	(2,423)	(2,641)
Net interest income		8,658	8,198
Fee and commission income	5	1,462	1,059
Fee and commission expense	6	(565)	(395)
Net fee and commission income		897	664
Net foreign exchange income	7	899	721
Other operating income		27	25
Operating income		10,481	9,608
Impairment losses	8	(2,083)	(261)
Provision for non-income tax expense		-	(185)
Personnel expenses	9	(3,581)	(3,016)
Other general administrative expenses	10	(2,757)	(2,593)
Profit before taxes		2,060	3,553
Income tax expense	11	(224)	(377)
Profit for the year and total comprehensive income		1,836	3,176

The financial statements as set out on pages 4 to 50 were approved by the Management on 7 March 2011 and signed on its behalf by:


Mr. Shahid M. Loan
Chairman of the Board of Directors


Mr. Kwang-Young Choi
Chief Executive Officer


Ms. S. Teleusheva
Chief Finance Officer



Kyrgyz Investment and Credit Bank CJSC
Statement of Financial Position as at 31 December 2010

	Note	2010 USD'000	2009 USD'000
ASSETS			
Cash and cash equivalents	12	42,866	38,907
Reverse repurchase agreements	13	435	2,276
Loans to customers	14	64,240	57,963
Investments in securities	15	3,046	156
Property, equipment and intangible assets	16	6,436	2,151
Other assets	17	1,957	3,547
Total assets		118,980	105,000
LIABILITIES			
Deposits and balances from banks	18	597	6,635
Current accounts and deposits from customers	19	71,312	46,828
Subordinated debt	20	2,263	2,485
Other borrowed funds	21	18,762	24,609
Current tax liability		9	9
Other liabilities	22	1,823	2,056
Total liabilities		94,766	82,622
EQUITY			
Share capital	23	10,000	10,000
Share premium		495	495
Retained earnings and other reserves		13,719	11,883
Total equity		24,214	22,378
Total liabilities and equity		118,980	105,000

Kyrgyz Investment and Credit Bank CJSC
Statement of Cash Flows for the year ended 31 December 2010

	2010 USD'000	2009 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	10,967	10,596
Interest payments	(2,253)	(2,804)
Fee and commission receipts	1,462	1,059
Fee and commission payments	(565)	(395)
Net receipts from foreign exchange	883	728
Other income	26	20
General administrative expenses	(5,672)	(4,729)
(Increase)/decrease in operating assets		
Reverse repurchase agreements	1,823	(2,276)
Loans to customers	(8,842)	78
Other assets	-	(2,592)
Increase/(decrease) in operating liabilities		
Deposits and balances from banks	(5,987)	(7,757)
Current accounts and deposits from customers	24,646	5,128
Other liabilities	(75)	217
Net cash provided from/(used in) operating activities before taxes paid	16,413	(2,727)
Income tax paid	(224)	(437)
Cash flows from/(used in) operations	16,189	(3,164)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments in securities	(15,781)	(13,966)
Repayment of investments in securities	12,817	18,954
Purchases of property, equipment and intangible assets	(3,643)	(276)
Sales of property and equipment and intangible assets	52	5
Cash flows (used in)/from investing activities	(6,555)	4,717
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of other borrowed funds	-	2,262
Repayment of other borrowed funds	(5,181)	(2,238)
Cash flows (used in)/from financing activities	(5,181)	24
Net increase in cash and cash equivalents	4,453	1,577
Effect of changes in exchange rates on cash and cash equivalents	(494)	(389)
Cash and cash equivalents at the beginning of the year	38,907	37,719
Cash and cash equivalents at the end of the year (Note 12)	42,866	38,907

Kyrgyz Investment and Credit Bank CJSC
Statement of Changes in Equity for the year ended 31 December 2010

	Share capital USD'000	Share premium USD'000	Retained earnings and other reserves USD'000	Total USD'000
Balance at 1 January 2009	10,000	495	8,707	19,202
Total comprehensive income				
Profit for the year	-	-	3,176	3,176
Balance at 31 December 2009	10,000	495	11,883	22,378
Total comprehensive income				
Profit for the year	-	-	1,836	1,836
Balance at 31 December 2010	10,000	495	13,719	24,214

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 2010 the reserve for general banking risks amounts to USD 2,297 thousand (2009: USD 2,297 thousand).