

Kyrgyz Investment and Credit Bank CJSC

Consolidated Financial Statements
for the year ended 31 December 2013



KPMG Bishkek LLC
21 Erkindik Boulevard
Orion Business Centre, Office 201
Bishkek, Kyrgyz Republic 720040

Telephone +996 312 623 380
Fax +996 312 623 856
E-mail kpmg@kpmg.kg

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

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).