

CJSC Kyrgyz Investment and Credit Bank

Financial Statements

for the year ended 31 December 2009



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Independent Auditors' Report

To the Management of CJSC Kyrgyz Investment and Credit Bank

We have audited the accompanying financial statements of CJSC Kyrgyz Investment and Credit Bank ("the Bank"), which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of 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 misstatements, 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 principles 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 opinion.

CJSC Kyrgyz Investment and Credit Bank
Statement of Comprehensive Income for the year ended 31 December 2009

	Note	2009 '000 USD	2008 '000 USD
Interest income	4	10,839	11,804
Interest expense	4	(2,641)	(3,720)
Net interest income		8,198	8,084
Fee and commission income	5	1,059	1,014
Fee and commission expense	6	(395)	(160)
Net fee and commission income		664	854
Net foreign exchange income	7	719	744
Other operating income		25	24
Operating income		9,606	9,706
Impairment losses	8	(259)	(763)
Provision for non-income tax expense	9	(185)	-
General administrative expenses	9	(5,609)	(5,306)
Profit before taxes		3,553	3,637
Income tax expense	10	(377)	(396)
Profit and total comprehensive income		3,176	3,241

The financial statements as set out on pages 5 to 47 were approved by the Management on 11 March 2010 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



CJSC Kyrgyz Investment and Credit Bank
Statement of Financial Position as at 31 December 2009

	Note	2009 '000 USD	2008 '000 USD
ASSETS			
Cash		4,034	3,994
Due from the National Bank of the Kyrgyz Republic		8,365	8,457
Placements with banks and other financial institutions	11	26,608	25,368
Loans to customers	12	57,963	57,840
Amounts receivable under reverse repurchase agreements	13	2,276	-
Investments in securities	14	156	5,144
Property and equipment	15	1,238	1,424
Intangible assets	16	913	1,219
Other assets	17	3,447	1,072
Total assets		105,000	104,518
LIABILITIES			
Deposits and balances from banks	18	6,635	14,620
Current accounts and deposits from customers	19	46,828	42,072
Other borrowed funds	20	24,609	24,585
Subordinated debt	21	2,485	2,428
Income tax payable		9	69
Other liabilities	22	2,056	1,542
Total liabilities		82,622	85,316
SHAREHOLDERS' EQUITY			
	23		
Share capital		10,000	10,000
Share premium		495	495
Retained earnings and other reserves		11,883	8,707
Total shareholders' equity		22,378	19,202
Total liabilities and shareholders' equity		105,000	104,518
Commitments and Contingencies	26, 28		

CJSC Kyrgyz Investment and Credit Bank
Statement of Cash Flows for the year ended 31 December 2009

	2009 '000 USD	2008 '000 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	10,596	11,638
Interest payments	(2,804)	(3,395)
Fee and commission receipts	1,059	1,014
Fee and commission payments	(395)	(160)
Net receipts from foreign exchange	719	744
Other income	20	24
General administrative expenses	(4,729)	(4,456)
(Increase)/decrease in operating assets		
Loans to customers	78	(4,510)
Amounts receivable under reverse repurchase agreements	(2,276)	-
Other assets	(2,592)	(580)
Increase/(decrease) in operating liabilities		
Deposits and balances from banks	(7,757)	(128)
Current accounts and deposits from customers	4,691	7,606
Other borrowed funds	24	7,520
Subordinated debt	57	2,428
Other liabilities	217	(273)
Net cash (used in)/provided from operating activities before taxes paid	(3,092)	17,472
Income tax paid	(437)	(373)
Cash flows (used in)/from operating activities	(3,529)	17,099
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments in securities	(13,966)	(56,525)
Repayment of investments in securities	18,954	51,987
Purchases of property and equipment and intangible assets	(276)	(2,267)
Sales of property and equipment and intangible assets	5	(8)
Cash flows from/(used in) investing activities	4,717	(6,813)
Net increase in cash and cash equivalents	1,188	10,286
Cash and cash equivalents at the beginning of the year	37,819	27,533
Cash and cash equivalents at the end of the year (Note 30)	39,007	37,819

CJSC Kyrgyz Investment and Credit Bank
Statement of Changes in Equity for the year ended 31 December 2009

	Share capital '000 USD	Share premium '000 USD	Retained earnings and other reserves '000 USD	Total '000 USD
Balance at 1 January 2008	10,000	495	5,466	15,961
Profit and total comprehensive income for the year	-	-	3,241	3,241
Balance at 31 December 2008	10,000	495	8,707	19,202
Profit and total comprehensive income for the year	-	-	3,176	3,176
Balance at 31 December 2009	10,000	495	11,883	22,378

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 2009 and 2008, the reserve for general banking risks amounts to USD 2,297 thousand and USD 2,265 thousand, respectively.