

**CLOSED JOINT STOCK  
COMPANY  
DEMIR KYRGYZ  
INTERNATIONAL BANK**

**Financial Statements**  
For the year ended 31 December 2012

## INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Closed Joint Stock Company Demir Kyrgyz International Bank:

We have audited the accompanying financial statements of Closed Joint Stock Company Demir Kyrgyz International Bank ("the Bank"), which comprise the statement of financial position as at 31 December 2012 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and 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 an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

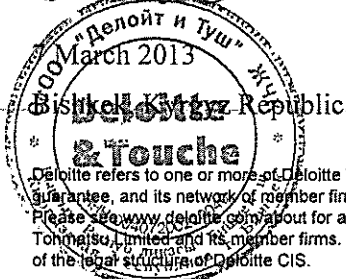
An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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 Closed Joint Stock Company Demir Kyrgyz International Bank as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Deloitte & Touche LLC*



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# CLOSED JOINT STOCK COMPANY DEMIR KYRGYZ INTERNATIONAL BANK

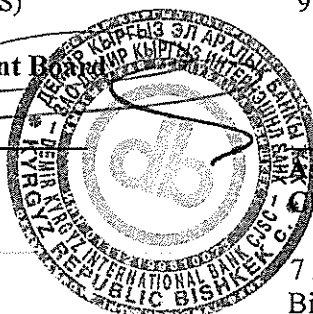
## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012


(in thousands of Kyrgyz Soms, except for earnings per share which are in Soms)

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Interest income	3	548,910	341,262
Interest expense	3	(65,654)	(41,076)
NET INTEREST INCOME BEFORE RECOVERY OF PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		483,256	300,186
(Provision)/recovery of provision for impairment losses on interest bearing assets	4	(31,449)	18,224
NET INTEREST INCOME		451,807	318,410
Net gain on foreign exchange operations	5	90,969	86,418
Fee and commission income	6	171,098	149,190
Fee and commission expense	6	(33,848)	(27,119)
Other income		944	1,643
NET NON-INTEREST INCOME		229,163	210,132
OPERATING INCOME		680,970	528,542
OPERATING EXPENSES	7	(361,630)	(297,397)
OPERATING PROFIT		319,340	231,145
Provision for impairment losses on other transactions	4	(5,254)	(3,860)
PROFIT BEFORE INCOME TAX		314,086	227,285
Income tax expense	8	(32,020)	(25,018)
NET PROFIT FOR THE PERIOD		282,066	202,267
Net change in fair value of available-for-sale investments, net of deferred income tax		2,983	(899)
TOTAL COMPREHENSIVE INCOME		285,049	201,368
EARNINGS PER SHARE (KGS)	9	2,128	1,526

On behalf of the Management Board

  
Sevki Sarilar  
General Manager



  
Anel Abdyldaeva  
Chief Accountant

7 March 2013  
Bishkek  
Kyrgyz Republic

7 March 2013  
Bishkek  
Kyrgyz Republic

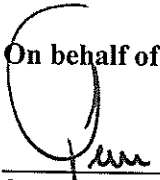
The notes on pages 7 to 41 form an integral part of these financial statements.

# CLOSED JOINT STOCK COMPANY DEMIR KYRGYZ INTERNATIONAL BANK

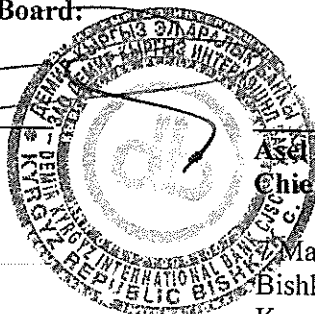
## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (in thousands of Kyrgyz Soms)

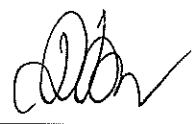
	Notes	31 December 2012	31 December 2011
<b>ASSETS:</b>			
Cash on hand	10	671,145	489,966
Balances with the National Bank of Kyrgyz Republic	10	960,796	647,095
Due from banks	11	3,297,710	2,565,415
Loans to customers	12	3,501,338	2,271,363
Reverse repurchase agreements	13	48,206	117,746
Available-for-sale investments	14	319,262	178,274
Investments held to maturity	10, 15	234,726	14,863
Property, equipment and intangible assets	16	170,208	180,320
Other assets	17	208,657	55,187
<b>TOTAL ASSETS</b>		<b>9,412,048</b>	<b>6,520,229</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Due to banks	18	253,292	7,335
Customer accounts	19	8,112,064	5,635,284
Income tax liabilities	8	12,435	18,776
Other liabilities	20	93,524	38,650
<b>TOTAL LIABILITIES</b>		<b>8,471,315</b>	<b>5,700,045</b>
<b>EQUITY:</b>			
Share capital	21	132,540	132,540
Additional-paid-in capital	21	1	1
Revaluation reserve for available-for-sale investments		4,288	1,305
Retained earnings		803,904	686,338
<b>TOTAL EQUITY</b>		<b>940,733</b>	<b>820,184</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,412,048</b>	<b>6,520,229</b>

On behalf of the Management Board:

  
Sevki Sarilar  
General Manager

7 March 2013  
Bishkek  
Kyrgyz Republic



  
Asel Abdyldaeva  
Chief Accountant

7 March 2013  
Bishkek  
Kyrgyz Republic

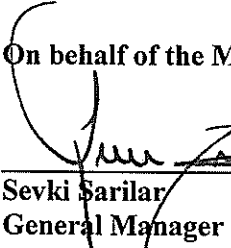
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# CLOSED JOINT STOCK COMPANY DEMIR KYRGYZ INTERNATIONAL BANK

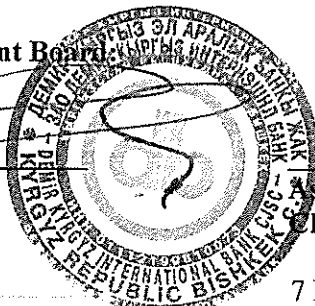
## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012 (in thousands of Kyrgyz Soms)


	Notes	Share capital	Additional-paid-in capital	Retained earnings	Revaluation reserve for available-for-sale investments	Total equity
As at 31 December 2010		132,540	1	484,071	2,204	618,816
Other comprehensive loss		-	-	-	(899)	(899)
Profit for the year		-	-	202,267	-	202,267
As at 31 December 2011		132,540	1	686,338	1,305	820,184
Other comprehensive gain		-	-	-	2,983	2,983
Dividends paid	21	-	-	(164,500)	-	(164,500)
Profit for the year		-	-	282,066	-	282,066
As at 31 December 2012		132,540	1	803,904	4,288	940,733

On behalf of the Management Board

  
Sevki Sarilar  
General Manager

7 March 2013  
Bishkek  
Kyrgyz Republic



  
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Chief Accountant

7 March 2013  
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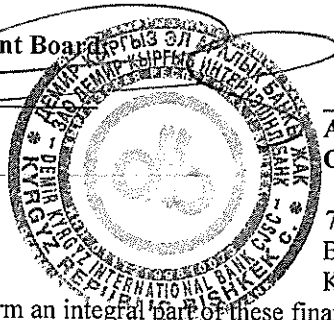
## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012 (in thousands of Kyrgyz Soms)

	Notes	31 December 2012	31 December 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		532,176	344,775
Interest paid		(53,362)	(34,210)
Fees and commissions received		171,098	149,190
Fees and commissions paid		(33,848)	(27,118)
Foreign exchange gains		21,094	87,215
Other operating income		944	1,643
Administrative expenses		(303,778)	(244,925)
Changes in operating assets and liabilities:			
Decrease/(increase) in operating assets			
Due from banks		(105,460)	(159,450)
Loans to customers		(1,254,976)	(836,387)
Reverse repurchase agreements		69,540	(117,746)
Other assets		(158,553)	(15,318)
Increase in operating liabilities			
Due to banks		245,957	3,978
Current accounts and deposits from customers		2,464,488	246,116
Other liabilities		49,164	4,957
Cash inflow / (outflow) from operating activities before income tax		1,644,484	(597,280)
Income taxes paid		(38,361)	(13,814)
Net cash inflow / (outflow) from operating activities		1,606,123	(611,094)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of available-for-sale securities and investments held-to-maturity		(1,100,603)	(226,180)
Proceeds on maturity of available-for-sale securities and investments held-to-maturity		962,598	230,370
Purchase of property and equipment		(41,169)	(43,975)
Proceeds from sale of property and equipment and intangible assets		184	53
Purchase of intangible assets		(1,216)	(6,511)
Net cash outflow from investing activities		(180,206)	(46,243)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(164,500)	-
Net cash outflow from investing activities		(164,500)	-
Effect of changes in exchange rates on cash and cash equivalents		69,875	(2,249)
Net increase / (decrease) in cash and cash equivalents		1,331,292	(659,586)
Cash and cash equivalents at the beginning of the year	10	3,487,240	4,146,826
Cash and cash equivalents at the end of the year	10	4,818,532	3,487,240

On behalf of the Management Board

Sevki Sarilar  
General Manager

7 March 2013  
Bishkek  
Kyrgyz Republic



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Chief Accountant

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