

**Russian-Kyrgyz Development Fund**

Financial Statements

for the period from 30 December 2014  
(date of incorporation) to  
31 December 2015



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## Independent Auditors' Report

To the Council of Russian-Kyrgyz Development Fund

We have audited the accompanying financial statements of Russian-Kyrgyz Development Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period from 30 December 2014 (date of incorporation) to 31 December 2015, 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 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 the Fund as at 31 December 2015, and its financial performance and its cash flows for the period from 30 December 2014 (date of incorporation) to 31 December 2015 in accordance with International Financial Reporting Standards.

KPMG Bishkek LLC

1 February 2016

**Russian-Kyrgyz Development Fund**  
*Statement of Profit or Loss and Other Comprehensive Income for the period from  
30 December 2014 (date of incorporation) to 31 December 2015*

		<b>For the period from 30 December 2014 (date of incorporation) to 31 December 2015 USD'000</b>
Interest income	4	2,838
Interest expense	4	(246)
<b>Net interest income</b>		<b>2,592</b>
Fee and commission expense		(108)
<b>Net fee and commission loss</b>		<b>(108)</b>
Net foreign exchange income		24
<b>Operating income</b>		<b>2,508</b>
Impairment losses	5	(371)
Other general administrative expenses	6	(1,430)
<b>Profit before income tax</b>		<b>707</b>
Income tax expense		-
<b>Profit for the period</b>		<b>707</b>
<b>Other comprehensive loss</b>		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Revaluation reserve for available-for-sale financial assets:		
- Net change in fair value		(679)
<b>Other comprehensive loss for the period</b>		<b>(679)</b>
<b>Total comprehensive income for the period</b>		<b>28</b>

The financial statements as set out on pages 4 to 34 were approved by management on 1 February 2016:

**Russian-Kyrgyz Development Fund**  
*Statement of Financial Position as at 31 December 2015*

	Note	2015 USD'000
<b>ASSETS</b>		
Cash and cash equivalents	7	55,046
Available-for-sale financial assets		
- Held by the Fund	8	115,033
Deposits with the National Bank of the Kyrgyz Republic	14	19,294
Deposits with commercial banks	9	85,479
Loans to banks	10	15,513
Loans to customers	11	1,101
Held-to-maturity investments	12	74,208
Property, plant and equipment	13	476
Other assets		88
<b>Total assets</b>		<b>366,238</b>
<b>LIABILITIES</b>		
Loan from the National Bank of the Kyrgyz Republic	14	15,864
Other borrowings		196
Other liabilities		150
<b>Total liabilities</b>		<b>16,210</b>
<b>EQUITY</b>		
Charter capital	15	350,000
Revaluation reserve for available-for-sale financial assets		(679)
Retained earnings		707
<b>Total equity</b>		<b>350,028</b>
<b>Total liabilities and equity</b>		<b>366,238</b>

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 8 to 34.

**Russian-Kyrgyz Development Fund**  
*Statement of Cash Flows for the period from 30 December 2014*  
*(date of incorporation) to 31 December 2015*

	<b>For the period from 30 December 2014 (date of incorporation) to 31 December 2015 USD'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Interest receipts	2,530
Interest payments	(191)
Fee and commission payments	(98)
General administrative expenses payments	(1,346)
<b>Increases in operating assets</b>	
Deposits with the National Bank of the Kyrgyz Republic	(19,294)
Deposits with commercial banks	(85,000)
Loans to banks	(18,441)
Loans to customers	(1,120)
<b>Cash flows used in operating activities</b>	<b>(122,960)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of available-for-sale financial assets	(115,127)
Purchases of held-to-maturity investments	(74,999)
Purchases of property, plant and equipment and intangible assets	(497)
<b>Cash flows used on investing activities</b>	<b>(190,623)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Receipts of loan from the National Bank of the Kyrgyz Republic	18,375
Receipts of other borrowed funds	221
Repayment of other borrowed funds	(26)
Receipts from contributions to the charter capital	350,000
<b>Cash flows from financing activities</b>	<b>368,570</b>
<b>Net increase in cash and cash equivalents</b>	<b>54,987</b>
Effect of changes in exchange rates on cash and cash equivalents	59
Cash and cash equivalents as at the beginning of the period	-
<b>Cash and cash equivalents as at the end of the period (Note 7)</b>	<b>55,046</b>

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 8 to 34.

**Russian-Kyrgyz Development Fund**  
*Statement of Changes in Equity for the period from 30 December 2014*  
*(date of incorporation) to 31 December 2015*

USD'000	Charter capital	Revaluation reserve for available-for- sale financial assets	Retained earnings	Total equity
Balance as at 30 December 2014 (date of incorporation)	-	-	-	-
<b>Total comprehensive income</b>				
Profit for the period	-	-	707	707
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Net change in fair value of available-for- sale financial assets	-	(679)	-	(679)
<b>Total comprehensive income for the period</b>	-	(679)	707	28
<b>Transactions with owners, recorded directly in equity</b>				
Contributions to the charter capital	350,000	-	-	350,000
<b>Total transactions with owners</b>	350,000	-	-	350,000
<b>Balance as at 31 December 2015</b>	<b>350,000</b>	<b>(679)</b>	<b>707</b>	<b>350,028</b>

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 8 to 34.