



**PRIVATE JOINT-STOCK BANK
«TRUSTBANK»**

**Consolidated financial statement for the year ended 31 December 2021
and Independent auditor's opinion
(Translated from Russian language)**

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Independent Auditor’s opinion

To shareholders and the Supervisory Board of PJSB «Trustbank»

Opinion

We have audited the consolidated financial statements of Private Joint-Stock Bank "Trustbank" (hereinafter referred to as the “Bank”) and its subsidiary (hereinafter collectively referred to as the “Group”), which consist of the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements, including a summary of key accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects the financial position of the Group as at 31 December 2021, as well as its financial results and cash flows for the year ended on that date, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these standards are described further in the section " Auditor's responsibility for auditing consolidated financial statements" of our opinion. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the schedule in the Code of Ethics of Professional Accountants of the International Ethics Standards Board for Accountants (PAIESB Code) and ethical requirements applicable to our audit of the financial statements in the Republic of Uzbekistan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Key audit matters

Key audit matters are matters that, in our professional judgment, were the most significant for our audit of the financial statements for the current period. These issues were considered in the context of our audit of the financial statements as a whole and in the formation of our opinion on these statements, and we do not express a separate opinion on these issues.

Key audit matters

What audit procedures were performed regarding the key audit matter

Provision for credit losses on loans to customers, as well as on credit related commitments

Due to the materiality of the provision for impairment of loans and advances to customers and credit related liabilities for the financial position of the Group, as well as due to the complexity and necessity to apply judgments in estimating expected credit losses in accordance with the new IFRS 9 Financial Instruments This issue is one of the key audit questions.

It is necessary to apply judgment to determine a significant increase of credit risk from the date of initial recognition, both on an individual and on a portfolio basis, as well as for the calculation of expected credit losses. The assessment of the increase in credit risk is based on the relative change in credit ratings, the duration of overdue debts and other objective and subjective factors. The choice of thresholds at which an increase of credit risk is recognized as significant, such as the magnitude of deterioration in a credit rating, is also subjective.

The calculation of expected credit losses includes valuation techniques that use significant unobservable input data and factors, such as internal credit ratings, as well as comprehensive statistical modeling and expert judgment. These methods are used to determine the probability of default based on available historical data and external information.

To calculate expected credit losses in respect of significant financial assets that have been individually impacted by a credit impairment, it is required to analyze financial and non-financial information, and extensive use of assumptions. Estimation of future cash flows is based on such material unobservable baseline data as the borrower's current and projected financial indicators, the value of the collateral and an estimate of the likelihood of possible scenarios. The use of other modeling techniques, assumptions and forecasts can lead to significantly different estimates of the provision for expected credit losses.

In the process of our audit, we paid special attention to the following: assessment of credit risk models and assumptions used to determine key parameters for provisioning and expected credit losses on a portfolio; assessment of management's judgments regarding the identification of a significant increase of credit risk on both of an individual and portfolio basis, using quantitative and qualitative criteria; testing of expected future cash flows, including cash flows from collateral, in respect of significant loans and advances to customers and credit related commitments.

Our audit procedures included an assessment of the methodology for calculation of expected credit losses developed by the Group in accordance with IFRS 9, for estimation of provision for impairment of loans and advances to customers, as well as credit related commitments. We evaluated the rationality of the credit risk factors and the thresholds chosen by management to determine a significant increase in credit risk on both of an individual and portfolio basis. We assessed the sequence of application of the criteria selected by management at the reporting date.

When testing the impairment calculated on a portfolio basis, we analyzed the underlying statistical models, key input data and assumptions, as well as forward-looking information used to calculate expected credit losses. For selected significant loans, we conducted an audit of internal credit ratings, credit risk factors and classification by stages. In collaboration with valuation specialists, we analyzed assumptions about future cash flows for selected material corporate loans, including the value of the collateral and the likelihood of possible scenarios. We reviewed the results of a Group that was subsequently tested on the models used for IFRS 9.



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Information on the provision for expected credit losses in respect of loans and advances to customers, as well as credit related commitments presented in Notes 10, 18 and 30 to the consolidated financial statements.

Valuation of loans and advances to customers at fair value through profit or loss

We focused on this issue in connection with the materiality of the amount and the subjective nature of the valuation of loans and advances to customers, measured at fair value through profit or loss.

The fair value of these loans is estimated using complex valuation models that use data that are not observable on the market, including data that reflect the credit quality of customers, interest rate curves, and volatility.

Note 10 and 30 to the consolidated financial statements provide detailed information about the measurement of loans and advances to customers at fair value through profit or loss.

During our audit, we paid special attention to the assessment of the key methodologies, formulas and source of information used by the Group for the assessment, for their compliance with IFRS.

We tested models for evaluating our selected loans. Our work included an assessment of whether the models and the data used are acceptable, the repetition of individual calculations, as well as various analytical and other procedures.

Other information

Management is responsible for other information. Other information includes information contained in the annual report, but does not include the consolidated financial statements and our audit report about it.

Our view of the financial statements does not apply to other information, and we will not provide conclusion with assurance of any form regarding this information.

In a view of conducting our audit of the financial statements, our responsibility is to review other information and consider whether there are significant discrepancies between other information and the financial statements or our knowledge gained during the audit and whether other information contains other significant distortion.

If, based on the work we have carried out, we conclude that other information contains a material misstatement, we must report this fact.

Responsibility of the Management and Those Charged with Corporate Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with IFRS and for such internal control system as management determines is necessary to enable the preparation of the consolidated financial statements that is free from material misstatements, due to fraud or errors.

In preparing the consolidated financial statements, management is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The management and those charged with governance are responsible for overseeing the preparation of the consolidated financial statements of the Group.



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Auditor's responsibility for auditing consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or on the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit conducted in accordance with International Standards on Auditing, we apply professional judgment to retain professional skepticism throughout the audit. In addition, we perform the following:

- identify and assess the risks of material misstatement of consolidated financial statements due to fraud or error; develop and conduct audit procedures in response to these risks; we obtain audit evidence that is sufficient and appropriate to serve as a basis for expressing our opinion. The risk of non-detection of material as a result of unfair acts is higher than the risk of not detecting a significant distortion as a result of an error, since unfair acts may include conspiracy, fraud, intentional omission, misrepresentation of information or actions bypassing the internal control system;
- get an understanding of the internal control system that is relevant to the audit, in order to develop audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system;
- assess the proper nature of the accounting policies applied and the reasonableness of accounting estimates and the corresponding disclosure of information prepared by management;
- make a conclusion about the legitimacy of management's use of the assumption of business continuity, and on the basis of the obtained audit evidence - the conclusion whether there is a significant uncertainty in connection with events or conditions that may raise significant doubts in the ability of the Group to continue its business continuously. If we conclude that there is significant uncertainty, we must draw attention to our disclosure in the consolidated financial statements, or, if such disclosure is inappropriate, modify our opinion. Our conclusions are based on the audit evidence received before the date of our audit report. However, future events or conditions may lead to the Group losing the ability to continue its business continuously;
- assess the presentation of the consolidated financial statements in general, its structure and content, including disclosure of information, as well as whether the consolidated financial statements present the underlying operations and events in a manner that ensures their reliable representation;
- obtain sufficient appropriate audit evidence relating to the financial information of the organization or activities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for the management, control and conduct of the Group's audit. We remain fully responsible for our audit opinion.

We collaborate with persons responsible for corporate governance, including, among other things, information on the planned scope and timing of the audit, as well as significant comments on the audit results, including significant deficiencies in the internal control system that we identify in the course of the audit.

We also provide the Management and those responsible for corporate governance with a statement that we have complied with all relevant ethical requirements regarding independence and informed these individuals about all relationships and other issues that can reasonably be considered to affect the independence of the auditor. And if it is required - on appropriate precautions.

Consolidated statement of financial position


| | Notes | 31 December 2021 | 31 December 2020 |
|-------------------------------------|-------|----------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | 7 | 2 194 954 519 | 1 273 089 081 |
| Mandatory reserves in CBU | 8 | 49 403 417 | 42 993 242 |
| Due from other banks | 9 | 249 364 472 | 69 539 356 |
| Loans and advances to customers | 10 | 2 786 412 186 | 2 320 788 913 |
| Investment financial assets | 11 | 1 166 233 816 | 645 649 435 |
| Investments in an associate | 12 | 111 206 484 | 84 248 147 |
| Deferred tax asset | 24 | 13 300 050 | 9 040 903 |
| Fixed assets and intangible assets | 13 | 289 083 047 | 211 839 070 |
| Non-current assets held for sale | | 11 676 984 | - |
| Other assets | 14 | 52 161 416 | 46 542 548 |
| Total assets | | 6 923 796 391 | 4 703 730 695 |
| Liabilities | | | |
| Due to other banks | 15 | 107 393 833 | 190 770 773 |
| Customer deposits | 16 | 5 470 607 756 | 3 634 546 215 |
| Other borrowings | 17 | 215 545 466 | 92 079 447 |
| Other liabilities | 18 | 26 023 465 | 25 624 409 |
| Total liabilities | | 5 819 570 520 | 3 943 020 844 |
| Equity | | | |
| Share capital | 19 | 361 961 733 | 361 961 733 |
| Added capital | | 142 022 059 | 142 022 059 |
| Retained earnings and funds | | 600 242 079 | 256 726 059 |
| Total equity | | 1 104 225 871 | 760 709 851 |
| Total liabilities and equity | | 6 923 796 391 | 4 703 730 695 |

Approved and signed on behalf of the management of the Group:


S.R. Normukhammedov
Chairman of the Board of the Bank



5 April 2022


A.B. Mamatkulov
Chief Accountant of the Bank

The notes on pages from 11 to 84 are an integral part of these consolidated financial statements

Consolidated statement of profit and loss and other comprehensive income


| | Notes | For the year ended 31 December 2021 | For the year ended 31 December 2020 |
|---|--------|-------------------------------------|-------------------------------------|
| Interest income calculated at the effective interest rate | 20 | 620 258 657 | 471 350 069 |
| Other interest income | 20 | 105 378 453 | 69 235 774 |
| Interest expense calculated at the effective interest rate | 20 | (83 340 064) | (67 974 727) |
| Other interest expenses | 20 | (14 155 382) | (8 078 507) |
| Net interest income | | 628 141 664 | 464 532 609 |
| Provision for credit losses on debt financial assets | 7,9,10 | (33 879 055) | (63 810 943) |
| Net income / (expense) from initial recognition of financial instruments and loan modifications | 7 | (446 770) | (3 408 425) |
| Net interest income after provision for credit losses | | 593 815 839 | 397 313 241 |
| Fee and commission income | 21 | 151 567 415 | 137 937 480 |
| Commission expenses | 21 | (18 819 080) | (16 302 301) |
| Net income / (expenses) from operations in foreign currency and from revaluation of foreign currency | | 47 501 576 | 12 752 937 |
| The share of the financial result of the associated organization | 12 | 28 397 427 | 18 028 676 |
| Recovery / (creation) of a provision for credit losses on credit related commitments | 18 | 3 348 433 | (4 707 958) |
| Creation of a provision for other assets | 14 | (7 374 501) | (412 712) |
| Other operating income | 22 | 3 175 576 | 1 974 004 |
| Administrative and other operating expenses | 23 | (286 985 877) | (189 038 761) |
| Income before tax | | 514 626 808 | 357 544 606 |
| Income tax expense | 24 | (80 820 379) | (56 942 338) |
| Net income for the year | | 433 806 429 | 300 602 268 |
| Other comprehensive income: | | | |
| Securities classified as measured at fair value through other comprehensive income - equity instruments | 11 | (287 761) | (112 058) |
| Income tax relating to components of comprehensive income | | 57 552 | 22 412 |
| Total other comprehensive income / (loss) | | (230 209) | (89 646) |
| Total comprehensive income for the year | | 433 576 220 | 300 512 622 |

Approved and signed on behalf of the management of the Group:


S.R. Normukhammadov
Chairman of the Board of the Bank



5 April 2022


A.B. Mamatkulov
Chief Accountant of the Bank

Consolidated statement of changes in equity

| | Share capital | Added capital | Retained earnings and funds | Total equity |
|--|--------------------|--------------------|-----------------------------|----------------------|
| Balance as at 1 January 2020 | 226 961 733 | 73 864 358 | 184 595 331 | 485 421 422 |
| Net income for the year | - | - | 300 602 268 | 300 602 268 |
| Other comprehensive income | - | - | (89 646) | (89 646) |
| Total comprehensive income for the year | - | - | 300 512 622 | 300 512 622 |
| Increase in equity | 135 000 000 | 68 157 701 | - | 203 157 701 |
| Dividends declared on ordinary shares | - | - | (228 380 178) | (228 380 178) |
| Dividends declared on preferred shares | - | - | (3 450) | (3 450) |
| Return of unpaid dividends | - | - | 1 734 | 1 734 |
| Balance as at 31 December 2020 | 361 961 733 | 142 022 059 | 256 726 059 | 760 709 851 |
| Net income for the year | - | - | 433 806 429 | 433 806 429 |
| Other comprehensive income | - | - | (230 209) | (230 209) |
| Total comprehensive income for the year | - | - | 433 576 220 | 433 576 220 |
| Dividends declared on ordinary shares | - | - | (90 056 750) | (90 056 750) |
| Dividends declared on preferred shares | - | - | (3 450) | (3 450) |
| Balance as at 31 December 2021 | 361 961 733 | 142 022 059 | 600 242 079 | 1 104 225 871 |

Approved and signed on behalf of the management of the Group:

S.R. Normukhammedov
Chairman of the Board of the Bank

5 April 2022



A.B. Mamatkulov
Chief Accountant of the Bank

Consolidated statement of cash flows

| | For the year ended 31 December 2021 | For the year ended 31 December 2020 |
|---|--|--|
| Cash flow from operating activities | | |
| Interest received | 726 615 398 | 512 886 481 |
| Interest paid | (105 535 760) | (73 304 211) |
| Fee and Commission received | 150 995 394 | 135 620 590 |
| Commissions paid | (19 190 174) | (13 763 996) |
| Net income from operations in foreign currency | (65 017 692) | (82 955 476) |
| Other operating income received | 7 605 497 | 1 974 004 |
| Staff costs | (175 372 583) | (119 733 365) |
| Administrative and other operating expenses | (114 230 837) | (57 423 189) |
| Income tax paid | (86 196 274) | (57 427 510) |
| Cash flow from operating activities before changes in operating assets and liabilities | 319 672 969 | 245 873 328 |
| <i>Net (increase) / decrease in operating assets</i> | | |
| Mandatory reserves in CBU | (6 410 175) | 44 753 402 |
| Due from other banks | (179 825 116) | (29 995 353) |
| Loans and advances to customers | (478 123 273) | (523 568 964) |
| Other assets | (5 618 868) | (5 296 551) |
| <i>Net increase / (decrease) in operating liabilities</i> | | |
| Due to other banks | (83 376 940) | 118 403 045 |
| Customer deposits | 2 035 151 813 | 962 616 581 |
| Other liabilities | 399 056 | 3 577 272 |
| Net cash flow from operating activities | 1 601 869 466 | 816 362 760 |
| Cash flow from investing activities | | |
| Investment securities purchased | (2 075 782 045) | (829 731 932) |
| Investment securities repaid | 1 466 812 466 | 466 780 000 |
| Investment in an associated organization | (16 584 572) | (51 700 000) |
| Acquisition of fixed assets and intangible assets | (107 489 581) | (75 353 226) |
| Revenue from sale of fixed assets | 1 877 974 | 622 722 |
| Net cash flow from investing activities | (731 165 758) | (489 382 436) |

Consolidated statement of cash flows (Continue)


| | For the year ended 31 December 2021 | For the year ended 31 December 2020 |
|--|--|--|
| Cash flow from financing activities | | |
| Other borrowings received | 161 469 163 | 500 000 |
| Other borrowings repaid | (36 831 545) | (5 000 000) |
| Dividends paid | (90 060 200) | (25 225 927) |
| Net cash flow from financing activities | 34 577 418 | (29 725 927) |
| The effect of changes in exchange rates on cash and cash equivalents | 17 516 116 | 70 202 539 |
| The effect of expected credit losses on cash and cash equivalents | (1 959 304) | (1 027 500) |
| Net change in cash and cash equivalents | 920 837 938 | 366 429 436 |
| Cash and cash equivalents at the beginning of the reporting year | 1 274 116 581 | 906 659 645 |
| Cash and cash equivalents at the end of the reporting year | 2 194 954 519 | 1 273 089 081 |

Approved and signed on behalf of the management of the Group:


S.R. Normukhammedov
Chairman of the Board of the Bank

5 April 2022




A.B. Mamatkulov
Chief Accountant of the Bank