



**PRIVATE JOINT STOCK BANK
«TRUSTBANK»**

**Consolidated financial statements
for the year ended 31 December 2018 and
Independent auditors' opinion
(Translated from Russian language)**

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Independent Auditor's Report

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”), also its subsidiary (hereinafter collectively referred to as the “Group”), which consist of the consolidated statement of financial position as at 31 December 2018, 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 ending on the specified 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 2018, as well as its financial results and cash flows for the year ending 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 the audit of 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 consolidated 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 those that according to our professional judgment were most significant to our audit of the consolidated financial statements for the current period. These matters were considered in the context of our audit of the consolidated financial statements as a whole and in forming our opinion on these statements, and we do not express a separate opinion on these matters.

Key audit matter	What audit procedures were performed regarding the key audit matter
<p><i>Provision for impairment of loans and advances to customers, as well as provisions for loan-related obligations</i></p> <p>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.</p> <p>It is necessary to apply judgment to determine a significant increase in 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 in credit risk is recognized as significant, such as the magnitude of deterioration in a credit rating, is also subjective.</p> <p>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.</p> <p>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.</p> <p>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 9 and 26 to the consolidated financial statements.</p>	<p>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 from a portfolio; assessment of management's judgments regarding the identification of a significant increase in 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 terms of significant loans and advances to customers and credit related commitments.</p> <p>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.</p> <p>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.</p> <p>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.</p>



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Other information

The audit of the Group's consolidated financial statements for the year ended 31 December 2017 was conducted by another auditor, who expressed an unmodified opinion on these consolidated financial statements dated 30 March 2018.

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 consolidated 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 consolidated financial statements, our responsibility is to review other information and consider whether there are significant discrepancies between other information and the consolidated 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.

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;



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- 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.

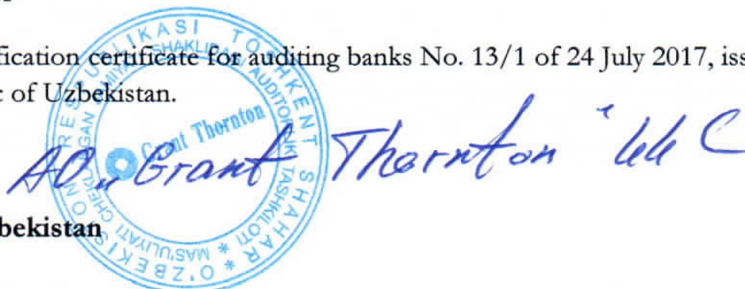
From those questions that we brought to the attention of the Management and to those responsible for corporate governance, we identify issues that were most essential to the audit of the consolidated financial statements for the current period and, therefore, are considered as key audit issues. We describe these issues in our audit report, except when public disclosure of information on these matters is prohibited by law or regulation. In extremely rare cases, we conclude that information on any matter should not be communicated in our report, since it can be reasonably assumed that the negative consequences of communicating such information will exceed the socially significant benefits.

Shoodil Nosirov

Project partner

Auditor's qualification certificate for auditing banks No. 13/1 of 24 July 2017, issued by the Central Bank of the Republic of Uzbekistan.


16 April 2019
Tashkent, Uzbekistan



Consolidated statement of financial position

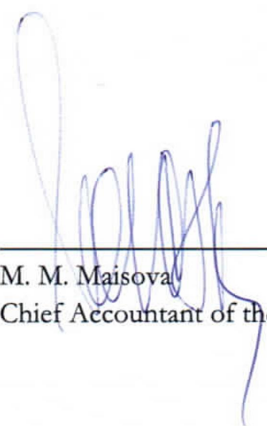
	Notes	31 December 2018	31 December 2017	1 January 2017
Assets				
Cash and cash equivalents	7	991 805 915	596 267 609	472 536 745
Required reserves on accounts in the CBU		100 607 014	170 477 302	160 279 482
Due from other banks	8	46 063 034	39 616 756	138 126 717
Loans and advances to customers	9	1 318 767 598	846 879 993	570 219 979
Investment financial assets	10	137 636 739	6 257 440	12 518 190
Investments in associate	11	9 632 350	5 813 936	5 149 648
Advance payments for income tax		68 493	3 870 697	1 071 715
Fixed assets	12	102 440 972	53 040 408	44 731 772
Intangible assets	12	4 081 138	5 104 339	5 250
Non-current assets held for sale		1 700 853	126 630	-
Other assets	13	29 460 855	43 828 675	9 028 092
Total assets		2 742 264 961	1 771 283 785	1 413 667 590
Liabilities				
Due to other banks	14	27 122 257	51 335 377	6 757 405
Customer funds	15	2 348 171 853	1 480 360 167	1 234 370 582
Debt securities issued	16	477 185	11 492 183	7 093 589
Other borrowed funds	17	39 907 182	-	-
Deferred tax liabilities	24	860 510	1 116 675	684 216
Other liabilities	18	18 450 516	9 714 046	7 038 592
Total liabilities		2 434 989 503	1 554 018 448	1 255 944 384
Equity				
Share capital	19	161 961 733	101 961 733	41 961 733
Share premium	19	46 997 915	25 997 110	7 097 110
Retained earnings		98 315 810	89 306 494	108 664 363
Total equity		307 275 458	217 265 337	157 723 206
Total liabilities and equity		2 742 264 961	1 771 283 785	1 413 667 590

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


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

16 April 2019

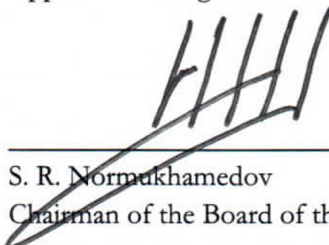


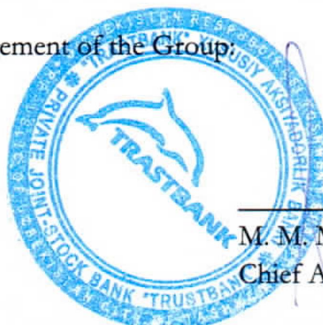

M. M. Maisova
Chief Accountant of the Bank

Consolidated statement of profit and loss and other comprehensive income

	Notes	For the year ended 31 December 2018	For the year ended 31 December 2017
Interest income calculated at effective interest rate	20	194 544 386	126 412 762
Other interest income	20	18 719 139	3 036 280
Interest expense calculated at effective interest rate	20	(23 688 274)	(13 330 932)
Other interest expense	20	(2 439 973)	-
Net interest income		187 135 278	116 118 110
Provision for loan losses on debt financial assets	7,8,9,10	(15 823 396)	(14 058 251)
Net interest income after creating a provision for credit losses		171 311 882	102 059 859
Commission income	21	104 135 737	86 218 431
Commission expenses	21	(14 081 977)	(16 388 976)
Net income/(expenses) on operations in foreign currency and from revaluation of foreign currency		7 214 644	(15 753 029)
Net income/(expense) from financial derivatives transactions		(156 011)	16 093 895
The share of the financial result of the associated organization	11	4 941 350	1 683 900
Net income/(expense) from initial recognition of financial instruments and loan modification		(3 643 447)	-
Allowance for impairment losses of a credit nature	18	(2 346 877)	-
Reserves creation of other assets		(1 015 934)	(89 674)
Other operating income	22	5 811 113	2 603 505
Administrative and other operating expenses	23	(139 774 683)	(97 238 925)
Profit before tax		132 395 797	79 188 986
Income tax expense	24	(31 575 677)	(18 094 037)
Net profit for the period		100 820 120	61 094 949
Other comprehensive income		-	-
Total comprehensive income for the period		100 820 120	61 094 949

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


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





M. M. Maisova
Chief Accountant of the Bank

16 April 2019

Consolidated statement of cash flow

	For the year ended 31 December 2018	For the year ended 31 December 2017
Cash flow from operating activities		
Interest received	207 432 302	126 355 629
Interest paid	(24 873 882)	(12 898 726)
Commission received	103 974 230	86 089 126
Commission paid	(13 067 491)	(16 388 976)
Net income from operations in foreign currency	(7 058 633)	16 872 997
Other operating income received	5 811 113	2 603 505
Staff costs	(74 119 371)	(52 877 794)
Administrative and other operating expenses	(52 091 570)	(37 871 453)
Income tax paid	(27 279 111)	(20 460 560)
Cash flows from operating activities to changes in operating assets and liabilities	118 727 587	91 423 748
<i>Net (increase) / decrease in operating assets</i>		
Required reserves on accounts in the Central Bank of Uzbekistan	69 870 288	(10 197 820)
Due from other banks	(6 446 278)	98 509 961
Loans and advances to customers	(475 485 647)	(271 390 472)
Other assets	16 595 801	(37 726 195)
<i>Net increase / (decrease) in operating liabilities</i>		
Due to other banks	(24 213 120)	44 577 972
Customer funds	867 811 686	245 989 585
Other liabilities	8 480 305	3 107 913
Net cash flow from operating activities	575 340 622	164 294 692
Cash flow from investing activities		
Purchase of investment securities	(136 810 354)	-
Proceeds from the sale and redemption of investment securities	4 000 000	1 900 000
Поступление от продажи инвестиций в зависимые компании		
Выручка от реализации/(приобретение) инвестиционных ценных бумаг, имеющихся в наличии для продажи		
Выручка от реализации инвестиционных ценных бумаг, имеющихся в наличии для продажи		
Acquisition of fixed assets and intangible assets	(58 086 955)	(36 701 753)
Proceeds from the sale of fixed assets	13 805	72 532
Net cash flow from investing activities	(190 883 504)	(34 729 221)
Cash flows from financial activities		
Debt Securities Received	-	9 380 000
Debt Securities Redeemed	(11 000 000)	(5 000 000)
Receiving other borrowed funds	39 907 182	-
Issue of ordinary shares	-	323 399
Dividends paid	(11 827 200)	(1 709 340)
Net cash flow from financial activities	17 079 982	2 994 059
The effect of changes in exchange rates on cash and cash equivalents	(5 998 794)	(8 828 666)
Net change in cash and cash equivalents	395 538 306	123 730 864
Cash and cash equivalents at the beginning of the reporting period	596 267 609	472 536 745
Cash and cash equivalents at the end of the reporting period	991 805 915	596 267 609

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


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




M. M. Mafova
Chief Accountant of the Bank

16 April 2019

The notes on pages from 9 to 89 are an integral part of these consolidated financial statements