



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

**Consolidated financial statement for the year ended 31 December 2020
and Independent auditor's opinion
(Translated from Russian language)**

Content

	Pages
Independent Auditor's opinion	1
Consolidated statement of financial position	6
Consolidated statement of profit and loss and other comprehensive income	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	11
1 Primary activity	11
2 The economic environment in which the Group operates	12
3 Principles of reporting	14
4 Important assessment and professional judgement	15
5 Transition to new or revised standards and interpretations	16
6 Key principles of accounting policy	17
7 Cash and cash equivalents	36
8 Mandatory reserve in CBU	37
9 Due from other banks	38
10 Loans and advances to customers	40
11 Investment financial assets	48
12 Investments in an associate	50
13 Fixed assets and intangible assets	52
14 Other assets	54
15 Due to other banks	55
16 Customer deposits	56
17 Other borrowings	57
18 Other liabilities	58
19 Share capital	59
20 Interest income and expense	60
21 Fees and commission received and paid	61
22 Other operating income	61
23 Administrative and other operating expenses	62
24 Income tax	63
25 Earnings per share	65
26 Contingent financial liabilities	65
27 Related party transactions	68
28 Fair value	69
29 Capital management	73
30 Risk management	74
31 Segment information	85



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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 2020 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 2020, 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.



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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

Partner

Qualification certificate of the auditor for conducting bank audits No. 13/1 dated 24 July 2017, issued by the Central Bank of the Republic of Uzbekistan.

AO "Grant Thornton" LLC

26 March 2020
Tashkent, Uzbekistan

Consolidated statement of financial position


	Notes	31 December 2020	31 December 2019
Assets			
Cash and cash equivalents	7	1 273 089 081	905 295 569
Mandatory reserves in CBU	8	42 993 242	87 746 644
Due from other banks	9	69 539 356	39 544 003
Loans and advances to customers	10	2 320 784 322	1 797 215 358
Investment financial assets	11	645 649 435	268 544 592
Investments in an associate	12	84 248 147	26 603 789
Income tax advances payments		-	1 651 680
Deferred tax asset	24	9 040 903	4 839 895
Fixed assets and intangible assets	13	211 839 070	154 122 695
Other assets	14	46 547 139	41 250 588
Total assets		4 703 730 695	3 326 814 813
Liabilities			
Due to other banks	15	190 770 773	72 367 728
Customer deposits	16	3 634 546 215	2 671 929 634
Other borrowings	17	92 079 447	75 048 892
Other liabilities	18	25 624 409	22 047 137
Total liabilities		3 943 020 844	2 841 393 391
Equity			
Share capital	19	361 961 733	226 961 733
Share premium	19	142 022 059	73 864 358
Retained earnings and funds		256 726 059	184 595 331
Total equity		760 709 851	485 421 422
Total liabilities and equity		4 703 730 695	3 326 814 813

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


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

26 March 2020




M.M. Maisova
Chief Accountant of the Bank

The notes on pages from 11 to 88 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 2020	For the year ended 31 December 2019
Interest income calculated at the effective interest rate	20	471 350 069	313 592 929
Other interest income	20	69 235 774	31 006 711
Interest expense calculated at the effective interest rate	20	(67 974 727)	(52 680 798)
Other interest expenses	20	(8 078 507)	(3 472 944)
Net interest income		464 532 609	288 445 898
Provision for credit losses on debt financial assets	7,9,10	(63 810 943)	(12 595 955)
Net income / (expense) from initial recognition of financial instruments and loan modifications	10,17	(3 408 425)	(19 081 202)
Net interest income after provision for credit losses		397 313 241	256 768 741
Fee and commission income	21	137 937 480	119 400 515
Commission expenses	21	(16 302 301)	(15 015 743)
Net income / (expenses) from operations in foreign currency and from revaluation of foreign currency		12 752 937	10 853 650
The share of the financial result of the associate	12	18 028 676	14 691 309
Recovery / (creation) of a provision for credit losses on credit related commitments	18	(4 707 958)	(1 073 600)
Provision for other assets	14	(412 712)	(196 515)
Other operating income	22	1 974 004	5 373 221
Administrative and other operating expenses	23	(189 038 761)	(160 226 286)
Income before tax		357 544 606	230 575 292
Income tax expense	24	(56 942 338)	(45 784 255)
Net income for the year		300 602 268	184 791 037
Other comprehensive income:			
Securities classified as measured at fair value through other comprehensive income - equity instruments		(112 058)	(368 125)
Income tax relating to components of comprehensive income		22 412	73 625
Total other comprehensive income / (loss)		(89 646)	(294 500)
Total comprehensive income for the year		300 512 622	184 496 537

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


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

26 March 2020





M.M. Maisova
Chief Accountant of the Bank

Consolidated statement of changes in equity

	Share capital	Share premium	Retained earnings and funds	Total equity
Balance as at 1 January 2019	161 961 733	46 997 915	98 315 810	307 275 458
Net income for the year	-	-	184 791 037	184 791 037
Other comprehensive income	-	-	(294 500)	(294 500)
Total comprehensive income for the year	-	-	184 496 537	184 496 537
Increase in equity	65 000 000	26 866 443	-	91 866 443
Dividends declared on ordinary shares	-	-	(98 219 151)	(98 219 151)
Dividends declared on preferred shares	-	-	(3 450)	(3 450)
Return of unpaid dividends	-	-	5 585	5 585
Balance as at 31 December 2019	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

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


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

26 March 2020




M.M. Maisova
Chief Accountant of the Bank

Consolidated statement of cash flows

	For the year ended 31 December 2020	For the year ended 31 December 2019
<i>Cash flow from operating activities</i>		
Interest received	512 886 481	338 402 300
Interest paid	(73 304 211)	(53 162 953)
Fee and Commission received	135 620 590	119 086 805
Commissions paid	(13 763 996)	(15 229 445)
Net income from operations in foreign currency	(82 955 476)	(10 853 650)
Other operating income	1 974 004	5 373 221
Staff costs	(119 733 365)	(89 126 216)
Administrative and other operating expenses	(57 423 189)	(75 974 632)
Income tax paid	(57 427 510)	(52 994 222)
Cash flow from operating activities before changes in operating assets and liabilities	245 873 328	165 521 208
<i>Net (increase) / decrease in operating assets</i>		
Mandatory reserves in CBU	44 753 402	12 860 370
Due from other banks	(29 995 353)	6 519 031
Loans and advances to customers	(523 568 964)	(478 447 760)
Other assets	(5 296 551)	(10 088 880)
<i>Net increase / (decrease) in operating liabilities</i>		
Due to other banks	118 403 045	45 245 471
Customer deposits	962 616 581	323 757 781
Other liabilities	3 577 272	15 653 787
Net cash flow from operating activities	816 362 760	81 021 008
<i>Cash flow from investing activities</i>		
Investment securities purchased	(829 731 932)	(227 126 706)
Investment securities repaid	466 780 000	130 907 853
Investment in an associate	(51 700 000)	-
Acquisition of fixed assets and intangible assets	(75 353 226)	(50 639 293)
Revenue from sale of fixed assets	622 722	414 492
Net cash flow from investing activities	(489 382 436)	(146 443 654)

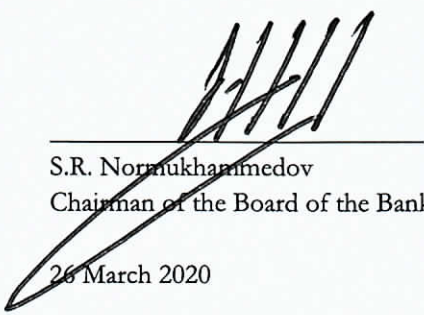
The notes on pages from 11 to 88 are an integral part of these consolidated financial statements

Consolidated statement of cash flows (Continue)

	For the year ended 31 December 2020	For the year ended 31 December 2019
Cash flow from financing activities		
Debt securities repaid	-	(477 185)
Other borrowings received	500 000	39 021 544
Other borrowings repaid	(5 000 000)	(15 937 000)
Dividends paid	(25 225 927)	(6 352 708)
Net cash flow from financing activities	(29 725 927)	16 254 651
The effect of changes in exchange rates on cash and cash equivalents	70 202 539	(36 962 941)
Net change in cash and cash equivalents	367 456 936	(86 130 936)
Cash and cash equivalents at the beginning of the reporting year	906 659 645	992 790 581
Cash and cash equivalents at the end of the reporting year	1 274 116 581	906 659 645

For the value of cash and cash equivalents at the end of the period less the provision for expected credit losses see Note 7.

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


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

26 March 2020




M.M. Maisova
Chief Accountant of the Bank