

JOINT-STOCK COMMERCIAL
MORTGAGE BANK

“IOTEKA BANK” AND ITS
SUBSIDIARIES



IOTEKA BANK

International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor’s Report
For the year ended
31 December 2018

CONTENTS

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITORS’ REPORT

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position	1
Consolidated statement of profit or loss and other comprehensive income	2
Consolidated statement of changes in equity	3
Consolidated statement of cash flows	5

Notes to the Consolidated Financial Statements

1. Introduction.....	6
2. Operating Environment of the Group	7
3. Summary of Significant Accounting Policies	8
4. Critical Accounting Estimates and Judgments in Applying Accounting Policies	24
5. Adoption of New or Revised Standards and Interpretations and New Accounting Pronouncements	27
6. Provisions for Expected Credit Losses	32
7. Cash and Cash Equivalents.....	33
8. Due from Other Banks.....	35
9. Loans and Advances to Customers	36
10. Debt securities of the Government of the Republic of Uzbekistan	41
11. Financial assets at fair value through other comprehensive income (IAS 39 - Investment securities available for sale)	41
12. Investment in Associates	42
13. Premises, Equipment and Intangible Assets	43
14. Other Financial Assets	44
15. Other Non-Financial Assets	44
16. Due to Other Banks.....	45
17. Customer Accounts	45
18. Debt securities in issue	45
19. Borrowings from Government, State and International Financial Institutions	46
20. Other Liabilities.....	48
21. Share Capital.....	48
22. Interest Income and Expense	49
23. Fee Commission Income and Expense	50
24. Other Operating Income.....	50
25. Administrative and Other Operating Expenses.....	51
26. Income taxes	51
27. Earnings per Share	54
28. Dividends.....	54
29. Segment Analysis.....	54
30. Financial Risk Management.....	58
31. Management of Capital	71
32. Contingencies and Commitments	71
33. Non-Controlling Interest	73
34. Fair Value of Financial Instruments.....	73
35. Related Party Transactions	75
36. Subsequent Events	77

Joint Stock Commercial Mortgage Bank "Ipoteka Bank" and its subsidiaries

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of JSCMB Ipoteka bank and its subsidiaries (collectively – the "Group") as at 31 December 2018, and the related consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Uzbekistan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2018 were approved by Management Board on 29 April 2019.

On behalf of the Management Board:

Shukhrat Atabaev
Chairman of the Board

30 April 2019
Tashkent, Uzbekistan



Elyor Normetov
Chief Accountant

30 April 2019
Tashkent, Uzbekistan

INDEPENDENT AUDITORS' REPORT

To the Shareholders of JSCMB "Ipoteka bank"

Opinion

We have audited the consolidated financial statements of JSCMB "Ipoteka bank" and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at 31 December 2018, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
--	---

Assessment and measurement of expected credit losses on loans and advances to customers

During 2018, in order to comply with IFRS 9 Financial instruments requirements, the Group made a transition from an incurred credit loss model to an expected credit loss model for the purpose of loans' impairment assessment.

Loans and advances to customers represent UZS 17,598,212,078 thousand or 89% of total assets as at 31 December 2018, net of allowance for ECL of UZS 250,849,603 thousand assessed on a collective and UZS 17,820,528 thousand on an individual basis.

The collective assessment of ECL involves the risks of inappropriate assumptions for the ECL model's parameters, such as probability of default, loss given default rates and exposure at default, and the risks of inadequate input data, including internally generated historical data and its inconsistency or lack of adjustment for market based forward-looking information.

We obtained an understanding of the credit risk management processes and ECL assessment and measurement, including identification of events leading to significant increase in credit risk ("SICR") and events of default. We analysed the methodologies for consistency with IFRS 9 requirements.

For the collective assessment models, we analysed the key assumptions used in assessing the probability of default and loss given default with reference to historical information on incurred credit losses, including statistics for recoveries of loans. Also, we checked the appropriateness of allocating the loans to portfolios with similar credit risk characteristics.

We tested the accuracy and completeness of the models' source data, such as loans and advances balances, their allocation by days in arrears and information on collateral. We checked the calculation of ECL for arithmetical accuracy.

Individual assessment of ECL is dependent on the accuracy of impairment staging that reflects the magnitude of credit risk increase based on the estimation of the expected future cash flows related to individual balances. Management applies significant judgements in designing the models and determining the inputs to be used.

Due to the significance of the loans and advances balances, the risks associated with the implementation of the new impairment model and the complexity of management's judgements applied in measuring the expected credit losses, we identified impairment of loans as a key audit matter.

Refer to Notes 3 to the consolidated financial statements for the description of the Group's policy on the calculation of allowances for ECL and disclosure of related balances, respectively.

For a sample of individually significant balances, we have challenged the Group's staging and whether relevant impairment events had been identified on a timely manner, such as delinquency of interest or principal, restructuring events and certain financial performance indicators in order to evaluate whether the loans have been appropriately classified to the respective stage.

We tested the appropriateness of the amount of allowance recognized as at the reporting date by re-performing the calculations on a sample basis for individually significant loans in stage 3, including reviewing the Group's documented credit assessment of the borrowers, challenging assumptions underlying ECL calculation, such as future cash flow projections and the valuation of collateral held, agreeing key assumptions to supporting documents.

We assessed the disclosures in the consolidated financial statements for the compliance with IFRS 9.

Going concern

As discussed in Note 19 to the consolidated financial statements, as at 31 December 2018 the Group had not complied with certain financial covenants of its long-term loan agreements with international financial institutions for the total amount of UZS 656,286,141 thousands. The management classified these borrowings as short term in the consolidated statement of financial position and as on demand in the liquidity analysis. The Group has communicated these breaches to international financial institutions and the remediation action plan is under discussion.

The Bank has concluded that the going concern basis remains appropriate according to actions taken and plans as described in Note 3.

Due to a significant impact of the covenant breaches on the liquidity and financial position of the Bank and pervasiveness of the conclusion on appropriateness of going concern assumption on the financial statements, this area is determined as a key audit matter.

We obtained management's analyses of liquidity, risks and covenants compliance and evaluated the reasonableness of going concern assumption by challenging management's judgments and conclusions.

We obtained understanding of management's remediation plan and focused on evaluating assumptions, which had material impact on the Bank's ability to continue as a going concern. Further, we checked documentation, including Management board and Council meeting minutes and the action plan.

As part of the review of management's action plan, we analyzed the sources of planned funding from international financial institutions and checked the status of negotiating and agreeing the terms of financing.

We also assessed the Group's ongoing support from the Government and performed the following procedures:

- we reviewed the Group's participation in the strategically important state programs and checked supporting documentation on eligibility for Government's financing;
- we also reviewed the Government's plan for the Bank's share capital injections, checked the progress and reviewed relevant supporting documentation.

We reviewed key loan agreements with regards to the risk of non-compliance with covenants and performed loan covenant calculations.

We checked appropriateness and completeness of the disclosures made in the financial statements in respect of going concern.

Other Information – Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of an assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 15 May 2018.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Deloitte.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, which constitute the key audit matters included herein.



"Deloitte & Touche" Audit Organisation LLC
License authorizing audit of companies registered
by the Ministry of Finance of the Republic of
Uzbekistan under #00776 dated 5 April 2019

Certificate authorizing audit of banks registered by
the Central bank of the Republic of Uzbekistan
under #3 dated 14 October 2013

30 April 2019
Tashkent, Uzbekistan

Erkin Ayubov
Qualified Auditor/Engagement Partner
Auditor qualification certificate authorizing audit of
companies, #04830 dated 22 May 2010 issued by the
Ministry of Finance of the Republic of Uzbekistan

Auditor qualification certificate authorizing audit of
banks, #6/8 dated 30 June 2015 issued by the Central
bank of the Republic of Uzbekistan

Director
"Deloitte & Touche" Audit Organisation LLC

Joint Stock Commercial Mortgage Bank "Ipoteka Bank" and its subsidiaries
Consolidated Statement of Financial Position as at 31 December 2018

<i>In thousands of Uzbekistan Soums</i>	Notes	31 December 2018	31 December 2017
ASSETS			
Cash and cash equivalents	7	1,315,361,679	1,374,091,094
Due from other banks	8	508,224,150	1,249,251,006
Loans and advances to customers	9	17,598,212,078	10,563,180,000
Debt securities of the Government of the Republic of Uzbekistan	10	154,609,799	-
Financial assets at fair value through other comprehensive income	11	5,783,502	n/a
Investment securities available for sale	11	n/a	5,820,700
Investment in associates	12	2,240,380	2,299,741
Premises, equipment and intangible assets	13	184,920,799	138,300,144
Current income tax prepayment		878,477	17,890
Deferred income tax asset	26	33,533,581	9,294,096
Other financial assets	14	1,211,112	17,514,579
Other non-financial assets	15	26,374,414	23,880,205
TOTAL ASSETS		19,831,349,971	13,383,649,455
LIABILITIES			
Due to other banks	16	65,673,107	159,619
Customer accounts	17	7,090,686,416	5,648,433,204
Debt securities in issue	18	9,934,176	12,795,510
Borrowings from government, state and international financial institutions	19	10,991,699,567	6,303,874,202
Other financial liabilities	20	13,500,271	9,861,722
Other non-financial liabilities	20	47,731,860	44,498,444
TOTAL LIABILITIES		18,219,225,397	12,019,622,701
EQUITY			
Share capital	21	983,979,242	844,421,142
Share subscription reserve	21	124,722,750	109,476,554
Share premium	21	754,434	754,434
Share capital reserve	21	60,873,112	31,427,547
Retained earnings		443,725,687	368,472,517
Revaluation reserve of financial assets at fair value through other comprehensive income		(731,373)	-
Net assets attributable to the Bank's owners		1,613,323,852	1,354,552,194
Non-controlling interest		(1,199,278)	9,474,560
TOTAL EQUITY		1,612,124,574	1,364,026,754
TOTAL LIABILITIES AND EQUITY		19,831,349,971	13,383,649,455

Approved for issue and signed on behalf of the Board of Management on 30 April 2019.

Shukhrat Atabaev
 Chairman of the Board



Elyor Normetov
 Chief Accountant

Joint Stock Commercial Mortgage Bank "Ipoteka Bank" and its subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended
31 December 2018

<i>In thousands of Uzbekistan Soums</i>	Notes	2018	2017
Interest income	22	1,224,371,051	582,492,130
Interest expense	22	(577,353,847)	(284,910,739)
Net interest income		647,017,204	297,581,391
Provision for expected credit losses on loans and advances to customers	6	(95,034,870)	(45,236,392)
Net interest income after provision for expected credit losses		551,982,334	252,344,999
Fee and commission income	23	216,186,807	205,201,147
Fee and commission expense	23	(38,346,485)	(34,506,036)
Gains less losses from trading in foreign currencies		(1,620,664)	59,535,822
Foreign exchange translation gains less losses		10,532,692	206,990,609
Impairment losses on non-core assets	13, 15	(25,658,841)	-
Loss from impairment of investment securities available for sale		-	(2,967,147)
Dividend income		960,678	481,868
Other operating income	24	14,591,795	10,905,834
Other impairment recovery/(provision)	6	1,023,979	(104,172)
Administrative and other operating expenses	25	(503,559,483)	(391,362,930)
Share of result of associates		(59,361)	(259)
Profit before tax		226,033,451	306,519,735
Income tax expense	26	(48,329,294)	(25,569,649)
PROFIT FOR THE YEAR		177,704,157	280,950,086
Profit is attributable to:			
- Owners of the Bank		190,103,068	282,347,657
- Non-controlling interest		(12,398,911)	(1,397,571)
Profit for the year		177,704,157	280,950,086
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value adjustment on financial assets at fair value through other comprehensive income		(173,746)	-
Tax effect	26	38,224	-
Total other comprehensive income for the year		(135,522)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		177,568,635	280,950,086
Total comprehensive income is attributable to:			
- Owners of the Bank		189,967,546	282,347,657
- Non-controlling interest		(12,398,911)	(1,397,571)
Total comprehensive income for the year		177,568,635	280,950,086
Basic and diluted earnings per share per ordinary share in UZS	27	0.19	0.59
Basic and diluted earnings per share per equity component of preference share in UZS	27	0.38	0.82

There were no discontinued operations during the year ended 31 December 2018 and 2017.

Approved for issue and signed on behalf of the Board of Management on 30 April 2019.

Shukhrat Atabaev
Chairman of the Board

Elyor Normetov
Chief Accountant

Joint Stock Commercial Mortgage Bank “Ipoteka Bank” and its subsidiaries
Consolidated Statement of Changes in Equity for the year ended 31 December 2018

	Notes	Attributable to owners of the Bank					Revaluation reserve of financial assets at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
		Share capital	Share subscription reserve	Share premium	Share capital reserve	Retained earnings				
<i>In thousands of Uzbekistan Soums</i>										
31 December 2016		269,421,142	-	754,434	-	143,850,129	-	414,025,705	-	414,025,705
Net profit /(loss) for the year		-	-	-	-	282,347,657	-	282,347,657	(1,397,571)	280,950,086
Total comprehensive income /(loss) for the year		-	-	-	-	282,347,657	-	282,347,657	(1,397,571)	280,950,086
Capitalisation of retained earnings - ordinary shares	21	33,826,553	-	-	-	(33,826,553)	-	-	-	-
Recognition of liability component of preference shares	21	(896,000)	-	-	-	(224,000)	-	(1,120,000)	-	(1,120,000)
Share subscription deposit - ordinary shares	21	-	109,476,554	-	31,427,547	-	-	140,904,101	-	140,904,101
Ordinary shares issued	21	542,069,447	-	-	-	-	-	542,069,447	-	542,069,447
Dividends declared - ordinary shares	28	-	-	-	-	(23,674,716)	-	(23,674,716)	-	(23,674,716)
Establishment of subsidiaries with non-controlling interest		-	-	-	-	-	-	-	10,872,130	10,872,130
31 December 2017		844,421,142	109,476,554	754,434	31,427,547	368,472,517	-	1,354,552,194	9,474,560	1,364,026,754

Joint Stock Commercial Mortgage Bank "Ipoteka Bank" and its subsidiaries
Consolidated Statement of Changes in Equity for the year ended 31 December 2018

In thousands of Uzbekistan Soums	Notes	Attributable to owners of the Bank					Revaluation reserve of financial assets at fair value through other comprehensive income	Total	Non- controlling interest	Total equity
		Share capital	Share subscription reserve	Share premium	Share capital reserve	Retained earnings				
31 December 2017		844,421,142	109,476,554	754,434	31,427,547	368,472,517	-	1,354,552,194	9,474,560	1,364,026,754
Effect of IFRS 9 adoption on 1 January 2018 (restated)		-	-	-	-	(57,870,062)	(595,851)	(58,465,913)	-	(58,465,913)
1 January 2018 (restated under IFRS 9)		844,421,142	109,476,554	754,434	31,427,547	310,602,455	(595,851)	1,296,086,281	9,474,560	1,305,560,841
Net profit /(loss) for the year		-	-	-	-	190,103,068	-	190,103,068	(12,398,911)	177,704,157
Other comprehensive loss for the year		-	-	-	-	-	(135,522)	(135,522)	-	(135,522)
Total comprehensive income /(loss) for the year		-	-	-	-	190,103,068	(135,522)	189,967,546	(12,398,911)	177,568,635
Capitalisation of retained earnings		-	-	-	-	-	-	-	-	-
Share subscription deposit - ordinary shares	21	-	126,906,750	-	29,445,565	-	-	156,352,315	-	156,352,315
Ordinary shares issued	21	139,558,100	(111,660,554)	-	-	-	-	27,897,546	-	27,897,546
Dividends declared - ordinary shares	28	-	-	-	-	(56,979,836)	-	(56,979,836)	-	(56,979,836)
Share increase in subsidiaries with non-controlling interest		-	-	-	-	-	-	-	1,725,073	1,725,073
31 December 2018		983,979,242	124,722,750	754,434	60,873,112	443,725,687	(731,373)	1,613,323,852	(1,199,278)	1,612,124,574

Approved for issue and signed on behalf of the Board of Management on 30 April 2019.

Shukhrat Atabaev
Chairman of the Board

Elyor Normetov
Chief Accountant

Joint Stock Commercial Mortgage Bank "Ipoteka Bank"
Consolidated Statement of Cash Flows for the year ended 31 December 2018

<i>In thousands of Uzbekistan Soums</i>	Notes	2018	2017
Cash flows from operating activities			
Interest received		1,065,978,534	531,837,226
Interest paid		(515,064,419)	(294,387,156)
Fees and commissions received		217,505,054	216,525,768
Fees and commissions paid		(38,346,485)	(34,506,036)
Income received from trading in foreign currencies		13,511,131	44,404,027
Other operating income received		14,104,665	10,905,834
Staff costs paid		(303,984,491)	(234,764,800)
Administrative and other operating expenses paid		(175,236,581)	(109,091,924)
Income tax paid		(396,736)	(2,941)
Cash flows from operating activities before changes in operating assets and liabilities		278,070,672	130,919,998
Net decrease / (increase) in due from other banks		742,587,978	(164,732,737)
Net increase in loans and advances to customers		(6,889,733,731)	(2,981,691,047)
Net decrease in other financial assets		14,208,476	-
Net increase in other non-financial assets		(12,579,447)	(19,856,249)
Net increase / (decrease) in due to other banks		55,062,668	(143,024,702)
Net increase in customer accounts		1,421,703,980	677,879,466
Net (decrease) / increase in other financial liabilities		(103,403)	7,900,717
Net increase in other non-financial liabilities		5,878,458	8,962,770
Net cash used in operating activities		(4,384,904,349)	(2,483,641,784)
Cash flows from investing activities			
Purchase of premises, equipment and intangible assets		(87,105,988)	(61,013,384)
Proceeds from disposal of premises, equipment and intangible assets		1,628,009	963,820
Proceeds from property for resale		-	13,362,054
Purchase of financial assets at fair value through other comprehensive income/ investment securities available for sale		(900,460)	(3,498,704)
Purchase of associates (incorporation)		-	(2,300,000)
Net increase in debt securities of the Government of the Republic of Uzbekistan		(155,569,338)	-
Dividend income received		960,678	481,868
Net cash used in investing activities		(240,987,099)	(52,004,346)
Cash flows from financing activities			
Issue of ordinary shares		-	542,069,447
Proceeds from borrowings from government, state and international financial institutions		12,988,599,686	2,844,477,544
Repayment of borrowings from government, state and international financial institutions		(8,487,070,180)	(1,049,705,753)
Proceeds from issue of debt securities		(8,500,268)	-
Repayment of debt securities		5,750,267	(15,600,100)
Dividends paid	28	(56,861,098)	(23,464,279)
Proceeds from share increase in subsidiaries non-controlling interest		1,725,073	8,672,406
Proceeds from stock subscription		126,358,682	109,476,554
Net cash from financing activities		4,570,002,162	2,415,925,819
Effect of exchange rate changes on cash and cash equivalents		(2,840,129)	962,379,786
Net (decrease)/ increase in cash and cash equivalents		(58,729,415)	842,659,475
Cash and cash equivalents at the beginning of the year	7	1,374,091,094	531,431,619
Cash and cash equivalents at the end of the year	7	1,315,361,679	1,374,091,094

Approved for issue and signed on behalf of the Board of Management on 30 April 2019.

Shukhrat Atabaev
Chairman of the Board

Elyor Normetov
Chief Accountant

The notes set out on pages 6 to 77 form an integral part of these consolidated financial statements

5