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Independent Auditors' Report

To Shareholders and Management of JSCB "Microcreditbank"

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Joint-Stock Commercial Bank "Microcreditbank" (the "Bank") and its subsidiary (the "Group") as at December 31, 2017 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

We have audited the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibility for the audit of the consolidated financial statements section of our report. We are independent of the Group within in meaning of accordance with the Code of Ethics for Professional Accountants of the Council on International Standards of Ethics for Accountants (the Code of the CISEA) and the ethical requirements applicable to our audit of the consolidated financial statements in the Republic of Uzbekistan and have fulfilled other responsibilities under those ethical 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 matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. Key audit matters are selected from the matters communicated with the Board, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated financial statements as a whole. Our opinion on the consolidated financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

The key matters of the audit	What audit procedures were performed on the key audit matters
<p><i>Reserve for impairment of loans and advances</i></p> <p>We paid special attention to this issue due to the materiality of loans and advances to customers, as well as the fact that the calculation of the appropriate provision for impairment involves the use of significant judgments and estimates.</p> <p>The provision represents management's best estimate of losses incurred on loans and advances to customers at the balance sheet date.</p> <p>Separate reserves are calculated on an individual basis for significant loans and advances. To calculate such reserves, a judgment is required to determine when an impairment event occurred and then to estimate the expected future cash flows associated with the related loan.</p> <p>For all other loans and advances of a similar nature, collective reserves are created on a portfolio basis. Such reserves are calculated using statistical models to assess the impact of credit conditions on the loan portfolio. The constructed and input data of these models depend on the judgment of management.</p> <p>Note 3, "Presentation principles", Note 4 "Important estimates and professional judgment" and in Note 8 "Loans to customers" included in the consolidated financial statements provide detailed information about the provision for impairment of loans and advances to customers.</p>	<p>We evaluated the main methodologies and the corresponding models used to calculate the reserve for compliance with IFRS.</p> <p>We performed the assessment and testing (on a selective basis) of the construction and operational effectiveness of controls for these impairment, the timely identification of impaired amounts, and the calculation of the reserve.</p> <p>We tested loans (on a selective basis) with loans and advances that were not identified by management as potentially impaired, and formed their own judgment as to whether this was done properly.</p> <p>We tested (on a selective basis) for which an individual reserve was calculated. We checked whether an impairment event was identified in a timely manner, calculated the discounted cash flows, checked the sources of future cash flows used by management, critically assessed the assumptions, and compared the estimated estimates with external evidence, if possible.</p> <p>We tested (on a selective basis) the operation of collective backup models, as well as the data and assumptions used in them. Our work included comparing the main assumptions based on our knowledge and other practices and actual experience, as well as testing models through their recalculation and various analytical procedures.</p>



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The key matters of the audit	What audit procedures were performed on the key audit matters
<p><i>Exchange rate difference on transactions in foreign currency</i></p> <p>We paid special attention to this issue in connection with the implementation of the currency reform. According to the Decree of the President of the Republic of Uzbekistan No.UP-5177 of 2 September 2017 "On Priority Measures for the Liberalization of Monetary Policy", the economy of the country basically devalued the national currency against foreign currencies. 1 US dollar was 8 100 Uzbek soms. Measures have been taken to freely convert the national currency to foreign currencies, and restrictive measures for the use of foreign currency have been simplified.</p> <p>In Note 18 "Net gains less losses from dealing in foreign currencies", in the consolidated financial statements.</p>	<p>We divided the Group's liabilities and assets by currency.</p> <p>We tested (on a selective basis) the accrual of income and expenses set in foreign currency and the application of the exchange rate at the time of reflection as to whether this was done properly.</p> <p>Income and expenses are reflected in Uzbek soms at the time of accrual.</p> <p>Before the adoption of the devaluation, 1 US dollar was 4,210.35 Uzbek soms.</p> <p>The difference from the change in the exchange rates had a significant effect on the financial result.</p>

Other information

The audit of the Group's consolidated financial statements for the year ended December 31, 2016 was carried out by another auditor who expressed an unmodified opinion on this reporting dated April 5, 2017.

Responsibility of management and persons responsible for corporate governance for consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS and for the internal control system that management considers necessary to prepare 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 ability of the Group to continue to operate continuously, for disclosure, as appropriate, of information relating to business continuity and for reporting based on the assumption of continuing operations, unless management intends to liquidate the Group, to stop its activities or, when it does not have a real alternative to such actions.

Management and persons responsible for corporate governance are responsible for overseeing the preparation of the Group's financial statements.



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Auditor's responsibility for the audit of consolidated financial statements

The objectives of our audit 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 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 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 conducted in accordance with International Standards on Auditing, we apply professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following:

- identify and assess the risks of material misstatement of financial statements due to fraud or error; We elaborate 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 not detecting a significant distortion t 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 collusion, fraud, intentional omission, misrepresentation or circumvention of the internal control system;
- obtain an understanding of the internal control system relevant to the audit in order to elaborate audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system;
- We judge the appropriate nature of the accounting policies applied and the reasonableness of accounting estimates and the corresponding disclosure of information prepared by management;
- We conclude that the management has accepted the assumption of continuity of business and, on the basis of the audit evidence obtained, the conclusion is whether there is significant uncertainty about events or conditions that could give rise to significant doubts about the Group's ability to continue to operate continuously. If we conclude that there is significant uncertainty, we must draw attention to our disclosure in the 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;
- We evaluate the presentation of the financial statements as a whole, its structure and content, including disclosure of information, as well as whether the 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 organizations or activities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for the management of the audit, supervision and audit of the Group. We remain fully responsible for our audit opinion.

We carry out informational interaction with the Management and the persons responsible for corporate governance, including, among other things, information on the planned scope and timing of the audit, as well as on significant remarks on the audit results, including significant deficiencies in the internal control system that we identify in the audit process.



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We also provide the management and those responsible for corporate governance with a statement that we have complied with all relevant ethical requirements for independence and have informed these individuals of all relationships and other matters that can reasonably be considered influencing the independence of the auditor, but in the necessary cases - on appropriate precautions.

Of those issues that we brought to the attention of the management and those responsible for corporate governance, we identify the issues that were most significant for auditing financial statements for the current period and, therefore, are key audit issues. We describe these issues in our audit report, except in cases where public disclosure of information on these issues is prohibited by law or regulation, or when in very rare cases we come to the conclusion that information about any matter should not be announced in our conclusion, since it can reasonably be assumed that the negative consequences of the announcement of such information will exceed the socially significant benefit from its announcement.

Shoodil Nosirov

Engagement Partner

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

April 30, 2018

Tashkent, Uzbekistan

