



# Grant Thornton

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## Independent Auditor's Report

### To the Management of JS “UTBANK”

We have performed an audit of attached financial statements of Joint Stock “UTBANK” (hereinafter - the Bank). Financial statement comprises statement of financial position as of 31 December 2016, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on above mentioned date, as well as main principles of accounting policy and other explanatory notes.

#### *Management's responsibility for financial statements*

The Bank management is responsible for preparation and fair presentation of specified financial statement in accordance with International Financial Reporting Standards, as well as for maintenance of internal control system, which the Bank's management finds necessary for preparation of financial statement, which is free of material misstatements that may result from frauds or mistakes.

#### *Auditor's responsibility*

Our responsibility comprises expression of opinion about these financial statement based on our audit engagement. We have performed the audit in accordance with International Standards of Auditing. These standards obligates us to comply with ethical principles, as well as proper planning and performing audit, to obtain sufficient confidence of financial statement being free of material misstatements.

Audit comprises performance of necessary procedures for obtaining audit evidence that confirms figures presented in this financial statement and information disclosed.

The selected procedures depend on an auditor's judgment, including assessment of risk of material misstatements in financial statement caused from frauds or mistakes. During the assessment of such risks, an auditor examines internal control system related to the preparation and fair presentation of entity's financial statement to develop audit procedures applicable in particular circumstances, but not to express an opinion about effectiveness of entity's internal control. Audit also includes assessment of acceptability of accounting policy's principles and reasonability of assumptions accepted by management, as well as evaluation of financial statement in general.

We consider our received audit evidence to be sufficient and appropriate basis for expressing our opinion.


*Opinion*

In our opinion, attached financial statement in all material aspects reliably reflect financial position of Joint Stock "UTBANK" as of 31 December 2016, as well as financial results of its operations and cash flows for the year ended on above mentioned date, in accordance with International Financial Reporting Standards.

**AO «Grant Thornton» LLC,**


Certificate for conducting banks audits #7,

Issued by the Central Bank of Republic of Uzbekistan on 18 May 2011.

  
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**General Director, Rustam Abidov**

Qualification certificate of bank audit #7/11,

Issued by the Central Bank of Republic of Uzbekistan on 03 December 2015.

  
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**Auditor, Shoodil Nosirov**

Qualification certificate of bank audit #13/1,

Issued by the Central Bank of Republic of Uzbekistan on 12 March 2015.

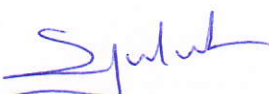
**10 April 2017**

**Tashkent, Uzbekistan**

## Statement of financial position

	Notes	31 December 2016	31 December 2015
<b>Assets</b>			
Cash and cash equivalents	6,22	72 012 305	75 445 097
Amounts due from credit institutions	7,22	27 096 150	52 397 599
Obligatory reserves in Central bank	8	18 139 401	14 054 627
Loans to customers	9	115 560 144	91 410 901
Investments in affiliated companies	10	40 000	40 000
Fixed assets and intangible assets	11	2 275 366	2 277 496
Deferred tax assets	19	588 472	515 554
Other assets	12	1 408 042	2 032 817
<b>Total assets</b>		<b>237 119 880</b>	<b>238 174 091</b>
<b>Liabilities</b>			
Amounts due to credit institutions	13,22	28 381 333	67 853 026
Amounts due to customers	15	116 011 374	89 965 046
Other liabilities	16	1 281 433	12 538 141
<b>Total liabilities</b>		<b>145 674 140</b>	<b>170 356 213</b>
<b>Equity</b>			
Charter Capital	16	47 876 400	36 146 682
Retained earnings		43 569 340	31 671 196
<b>Total Equity</b>		<b>91 445 740</b>	<b>67 817 878</b>
<b>Total Liabilities and Equity</b>		<b>237 119 880</b>	<b>238 174 091</b>

Approved and signed on behalf of the management:



Ercan Bulut  
Chairman of the Board

10 April 2017




Sabirov Hamidulla  
Chief Accountant

## Statement of profit or loss and other comprehensive income

	Notes	Year ended 31 December 2016	Year ended 31 December 2015
<b>Interest income</b>			
- Amounts due from Credit institutions	22	4 484 205	5 213 301
- Loans to customers		17 189 656	9 988 401
		<b>21 673 861</b>	<b>15 201 702</b>
<b>Interest expenses</b>			
- Amounts due to customers		(2 367 571)	(1 433 240)
- Amounts due to Credit institutions	22	(1 811 566)	(1 319 757)
		<b>(4 179 137)</b>	<b>(2 752 997)</b>
<b>Net interest income</b>		<b>17 494 724</b>	<b>12 448 705</b>
Provision charge for loan impairment	9	(25 026)	(886 969)
<b>Net interest income after provision charge for loan impairment</b>		<b>17 469 698</b>	<b>11 561 736</b>
Commission income	18	4 915 335	4 653 384
Commission expenses	18	(1 119 767)	(609 705)
Net income from foreign currency operations		7 925 693	3 433 614
Provision charge for other assets	12	(68 477)	(10 866)
Other income		753 598	1 086 248
Other expenses		(1 164)	(27)
<b>Non-interest gains/(losses)</b>		<b>12 405 218</b>	<b>8 552 648</b>
Staff costs and administrative expenses	19	(7 044 137)	(5 595 185)
Depreciation	12	(522 166)	(356 750)
Other operating expenses	19	(4 307 151)	(2 810 602)
<b>Non-interest expenses</b>		<b>(11 873 454)</b>	<b>(8 762 537)</b>
<b>Profit/(Loss) before tax</b>		<b>18 001 462</b>	<b>11 351 847</b>
Income tax benefit/(expenses)	20	(2 747 878)	(1 943 390)
<b>Net profit/(loss)</b>		<b>15 253 584</b>	<b>9 408 457</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>15 253 584</b>	<b>9 408 457</b>

Approved and signed on behalf of the management:



Ercan Bulut  
Chairman of the Board

10 April 2017





Sabirov Hamidulla  
Chief Accountant

The notes on pages 7 to 52 are an integral part of these financial statements.

## Statement of changes in equity

	Charter Capital	Retained earnings	Total Equity
<b>Balance at 1 January 2015</b>	<b>30 894 600</b>	<b>31 407 541</b>	<b>62 302 141</b>
Dividends capitalization	5 252 082	-	-
Dividends declared	-	(3 892 720)	(3 892 720)
Comprehensive income for the period	-	9 408 457	9 408 457
<b>Balance at 31 December 2015</b>	<b>36 146 682</b>	<b>31 671 196</b>	<b>67 817 878</b>
Dividends capitalization	11 729 718	-	11 729 718
Dividends declared	-	(3 355 440)	(3 355 440)
Comprehensive income for the period	-	15 253 584	15 253 584
<b>Balance at 31 December 2016</b>	<b>47 876 400</b>	<b>43 569 340</b>	<b>91 445 740</b>

Approved and signed on behalf of the management:



Ercan Bulut  
Chairman of the Board

10 April 2017




Sabirov Hamidulla  
Chief Accountant

## Statement of cash flow

	Year ended 31 December 2016	Year ended 31 December 2015
<b>Cash flow from operating activities</b>		
Interest received	21 436 676	15 242 251
Interest paid	(4 796 948)	(2 564 858)
Fees and commissions received	5 354 296	4 609 168
Fees and commissions paid	(1 141 491)	(555 834)
Non-interest income	752 434	1 086 221
Staff costs and administrative expenses	(7 117 914)	(5 665 784)
Other operating expenses	(4 318 655)	(1 775 234)
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>	<b>10 168 398</b>	<b>10 375 930</b>
<b>Net (increase)/decrease in operating assets</b>		
Amounts due from other banks	25 301 449	(11 012 759)
Mandatory cash balances with central bank	(4 084 774)	(2 690 467)
Loans to customers	(24 149 243)	(49 000 552)
Other assets	624 775	338 338
<b>Net increase/(decrease) in operating liabilities</b>		
Amounts due to other banks	(39 471 693)	47 922 390
Customer deposits	26 046 328	12 760 053
Other liabilities	(11 256 708)	12 323 948
<b>Net cash flow from operating activities before income tax paid</b>	<b>(16 821 468)</b>	<b>21 016 881</b>
Income tax paid	(2 820 796)	(2 389 600)
<b>Net cash flow from operating activities</b>	<b>(19 642 264)</b>	<b>18 627 281</b>
<b>cash flow used in investing activities</b>		
Purchase of fixed and intangible assets	(527 419)	(2 084 815)
Proceeds from sale of fixed assets	963 172	144 790
<b>Net cash used in investing activities</b>	<b>435 753</b>	<b>(1 940 025)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of local bonds	11 729 718	-
Dividends paid	(3 355 440)	(3 892 720)
<b>Net cash from financing activities</b>	<b>8 374 278</b>	<b>(3 892 720)</b>
Effect of exchange rate changes on cash and cash equivalents	7 399 441	1 191 625
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3 432 792)</b>	<b>13 986 161</b>
At the beginning of period	75 445 097	61 458 936
<b>At the end of period</b>	<b>72 012 305</b>	<b>75 445 097</b>

Approved and signed on behalf of the management:



Ercan Bulut  
Chairman of the Board

10 April 2017




Sabirov Hamidulla  
Chief Accountant