

INDEPENDENT AUDITORS' REPORT

To: Shareholders and the Council of Joint Stock Commercial Bank "Invest Finance Bank"

Opinion

We have audited the consolidated financial statements of Joint Stock Commercial Bank "Invest Finance Bank" and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 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.

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 2017, 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 *Auditor's Responsibilities for the Audit of the 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 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 judgment, 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
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Impairment of loans to customers

We considered impairment of loans and advances to customers as key audit matter due to the materiality of the balance of loans and advances to customers as at 31 December 2017 and the significance of judgement applied by the management in identifying the impairment event and determining the quantum of incurred losses.

Once the impaired loans or portfolio of loans are identified, the Management estimates the amount and timing of the future cash flows on the basis of financial analysis of the borrowers' business, history of arrears, and recoverability of pledged collateral.

Refer to Note 8 to the financial statements for detailed disclosure of loans and advances to customers, to

We obtained an understanding of the Management's processes and methodologies of identifying impairment events and assessing loans for impairment.

We evaluated management's judgement in relation to the identification of impairment events. On a sample basis, from the pools of loans determined by management to be impaired and not impaired, we tested the appropriateness of the specific loan loss provisions as at the reporting date. We analysed the Group's documentation of the borrower's credit assessment and challenged the assumptions made in relation to projections of future cash flows from the borrower's business.

Notes 3 and 4 for description of the Bank's policy on calculation of impairment provision.

Further, we assessed the valuation and timing of projected cash flows from collateral. We analysed the work performed by external experts used by the Group to value collateral and compared the valuations to the results of our assessment of market values.

For the impairment models used for the portfolio of loans, we assessed appropriateness of the collective provisioning methodology in accordance with IAS 39 requirements. We evaluated the key assumptions and data inputs, specifically probability of default rates, used in the model. Further, we tested the accuracy and completeness of source data used in the models and the allocation of loans by days in arrear.

We found no material exceptions in these tests.

Revenue recognition – loan origination fees

We identified accounting for loan origination fees to be a key audit matter due to manual process of calculation and accounting and subjectivity of management judgement involved in determining the fees directly attributable to the issuance of loans.

Refer to note 3 for the accounting policy on recognition of loan origination fees.

We obtained an understanding of the loan origination process and the policy in relation to the recognition of fees and commissions and interest income.

We analyzed the nature of fees charged during the loan origination and checked whether they were properly classified and accounted for.

We assessed whether the amortization methodology used complies with the requirements of the relevant accounting standard.

Furthermore, on a sample basis, we evaluated the mathematical accuracy of the calculations of the amounts to be deferred and recognized as interest income through adjusting the effective interest rate for the effect of these fees.

Transactions with related parties

The Group has significant part of loans and advances to customers (26% of the total Group's outstanding balance of the loans and advances to customers) and interest income (22% of the total Group's interest income) from transactions with related parties disclosed in note 34.

Due to the number of related parties, their direct and indirect relationship and the volume of transactions with such parties, we identified the completeness and accuracy of disclosures of the transactions and balances with related parties to be a key audit matter.

We obtained an understanding of the process for identifying related parties and transactions with them, performed a walkthrough and evaluated the design of controls in respect of the completeness of related parties list and identification of related party transactions.

We verified that the transactions are approved in accordance with internal procedures including involvement of key personnel at the appropriate level;

On a sample basis, we audited different transactions to supporting documents, evaluated the business rationale of the transactions and compared similar transaction with non-related parties to evaluate the assertions that the transactions were at arm's length.

Throughout our audit procedures, we remained alert to the unusual transactions outside the normal course of business.

We evaluated the completeness and adequacy of disclosures on transactions with the related parties in accordance with the requirements of the relevant accounting standard.

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 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.

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

Management is responsible for the preparation and fair presentation of these 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 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 in accordance with ISAs, we exercise professional judgment 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.

- 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 auditor's 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 auditor's 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 consolidated financial statements of the current period, which constitute the key audit matters included herein.

Deloitte & Touche

"Deloitte & Touche" Audit Organisation LLC

The license authorizing audit of companies registered by the Ministry of Finance of the Republic of Uzbekistan under #00500 dated 8 February 2008

The certificate authorizing audit of banks registered by the Central Bank of the Republic of Uzbekistan under #3 dated 14 October 2013

20 April 2018
Tashkent, Uzbekistan



Erkin Ayupov
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

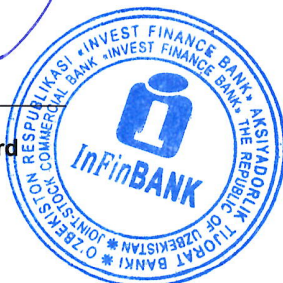
JOINT STOCK COMMERCIAL BANK "INVEST FINANCE BANK" AND ITS SUBSIDIARIES
Consolidated Statement of Financial Position
as at 31 December 2017
(in thousands of Uzbekistan Soums)

	Notes	31 December 2017	31 December 2016
ASSETS			
Cash and cash equivalents	6	540,384,015	271,251,393
Due from other banks	7	256,719,496	116,126,115
Loans and advances to customers	8	693,168,884	551,720,772
Investment securities available for sale	9	8,262,957	7,807,983
Current income tax prepayments		2,649,278	727,942
Deferred income tax assets	24	4,337,900	1,753,911
Premises, equipment and intangible assets	10	142,892,831	124,462,083
Reinsurers' share of reserves for insurance contracts	11	4,026,081	5,074,666
Other assets	12	24,899,447	15,738,146
TOTAL ASSETS		1,677,340,889	1,094,663,011
LIABILITIES			
Due to other banks	13	279,051,181	173,026,174
Customer accounts	14	996,912,747	708,903,056
Debt securities in issue	15	18,969,265	15,028,457
Reserves for insurance contracts	16	30,283,699	20,947,073
Other liabilities	17	16,379,705	22,980,258
TOTAL LIABILITIES		1,341,596,597	940,885,018
EQUITY			
Share capital	18	300,000,000	139,480,680
Share premium	18	1,853,395	1,853,395
Other insurance reserves	18	5,085,700	4,690,000
Retained earnings		19,756,858	1,788,805
Net assets attributable to the Bank's owners		326,695,953	147,812,880
Non-controlling interest	31	9,048,339	5,965,113
TOTAL EQUITY		335,744,292	153,777,993
TOTAL LIABILITIES AND EQUITY		1,677,340,889	1,094,663,011

On behalf of the Management Board:


Abdullayev Z.S.
Chairman of the Management Board

20 April 2018
Tashkent, Uzbekistan




Toshpulatkhujayev J.O.
Chief Accountant

20 April 2018
Tashkent, Uzbekistan

The notes on pages 10-67 form an integral part of these consolidated financial statements.

JOINT STOCK COMMERCIAL BANK "INVEST FINANCE BANK" AND ITS SUBSIDIARIES

Consolidated Statement of Changes in Equity
for the year ended 31 December 2017
(in thousands of Uzbekistan Soums)

	Notes	Attributable to owners of the Bank						Non-controlling interest	Total equity		
		Share capital premium	Share capital reserve	Share stabilisation reserve	Reserve for preventive measures	Equity for component in insurance reserves	Retained earnings			Total	
Balance at 31 December 2015		86,050,574	1,273,780	2,600,000	2,881,324	1,443,396	(605,749)	1,116,087	94,759,412	5,181,433	99,940,845
Total comprehensive income for 2016		-	-	-	-	-	-	16,436,499	16,436,499	783,680	17,220,179
Shares issue:											
- cash	18	36,037,354	579,615	-	-	-	-	-	36,616,969	-	36,616,969
- capitalised dividends	18	14,792,752	-	-	-	-	-	-	14,792,752	-	14,792,752
- share subscription deposit	18	2,600,000	(2,600,000)	-	-	-	-	-	-	-	-
Dividends declared	25	-	-	-	-	-	-	(14,792,752)	(14,792,752)	-	(14,792,752)
Change in other insurance reserves	18	-	-	-	612,682	449,875	(91,528)	(971,029)	-	-	-
Balance at 31 December 2016		139,480,680	1,853,395	-	3,494,006	1,893,271	(697,277)	1,788,805	147,812,880	5,965,113	153,777,993
Total comprehensive income for 2017		-	-	-	-	-	-	18,363,753	18,363,753	3,083,226	21,446,979
Shares issue:											
- cash	18	160,519,320	-	-	-	-	-	-	160,519,320	-	160,519,320
Change in other insurance reserves	18	-	-	-	222,441	339,864	(166,605)	(395,700)	-	-	-
Balance at 31 December 2017		300,000,000	1,853,395	-	3,716,447	2,233,135	(863,882)	19,756,858	326,695,953	9,048,339	335,744,292

On behalf of the Management Board:



Abdullayev Z.S.
Chairman of the Management Board

Toshpulatkhujaev J.O.
Chief Accountant

20 April 2018
Tashkent, Uzbekistan

20 April 2018
Tashkent, Uzbekistan

The notes on pages 10-67 form an integral part of these consolidated financial statements.

JOINT STOCK COMMERCIAL BANK "INVEST FINANCE BANK" AND ITS SUBSIDIARIES
Consolidated Statement of Cash Flows
for the year ended 31 December 2017
(in thousands of Uzbekistan Soums)

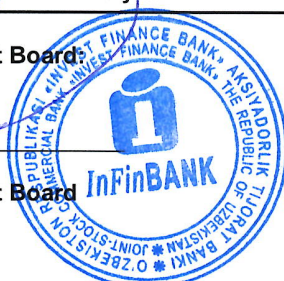
	Notes	2017	2016
Cash flows from operating activities			
Interest received		110,168,951	77,242,570
Interest paid		(61,683,398)	(39,927,537)
Fee and commission received		57,978,877	41,090,897
Fee and commission paid		(13,332,563)	(15,154,988)
Income received from insurance operations		30,656,293	20,279,481
Expense paid on insurance operations		(12,420,400)	(9,504,292)
Net gain on foreign exchange operations, dealing transactions		280,083	2,084,225
Other operating income received		5,029,101	7,639,755
Staff costs paid		(41,359,980)	(29,084,394)
Administrative and other operating expenses paid		(38,532,642)	(27,766,761)
Income tax paid		(6,812,945)	(3,457,299)
Cash flows from operating activities before changes in operating assets and liabilities		29,971,377	23,441,657
<i>Net (increase)/decrease in:</i>			
- due from other banks		55,347,253	3,948,071
- loans and advances to customers		(125,109,529)	(136,059,108)
- other assets		21,109,652	10,304,317
<i>Net increase/(decrease) in:</i>			
- due to other banks		88,098,512	1,748,903
- customer accounts		(30,471,875)	186,288,272
- debt securities in issue		3,899,781	(7,750,000)
- other liabilities		(26,926,529)	(910,087)
Net cash from operating activities		15,918,642	81,012,025
Cash flows from investing activities			
Acquisition of property, equipment and intangible assets	10	(75,740,429)	(46,993,907)
Proceeds from disposal of property, equipment and intangible assets	10	48,178,018	8,169,655
Acquisition of investment securities available for sale	9	(454,974)	(6,136,323)
Proceeds from disposal of investment securities available for sale	9	-	5,551,613
Dividend income received		97,324	41,903
Net cash used in investing activities		(27,920,061)	(39,367,059)
Cash flows from financing activities			
Issuance of ordinary shares	17	160,519,320	36,616,969
Net cash from financing activities		160,519,320	36,616,969
Effect of exchange rate changes on cash and cash equivalents		120,614,721	134,292
Net increase in cash and cash equivalents		269,132,622	78,396,227
Cash and cash equivalents at the beginning of the year	6	271,251,393	192,855,166
Cash and cash equivalents at the end of the year		6	540,384,015

On behalf of the Management Board


Abdullayev Z.S.
Chairman of the Management Board

20 April 2018
Tashkent, Uzbekistan

The notes on pages 10-67 form an integral part of these consolidated financial statements




Toshpulatkhujaev J.O.
Chief Accountant

20 April 2018
Tashkent, Uzbekistan