

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Private Joint Stock Commercial Bank "Orient Finans"

Opinion

We have audited the consolidated financial statements of Private Joint Stock Commercial Bank "Orient Finans" and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018 and the consolidated statement of profit or loss and other 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 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 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***Impairment of loans and advances to customers under IFRS 9 Financial instruments ("IFRS 9")***

As described in Note 2 to the consolidated financial statements, the Group made a transition to IFRS 9 on 1 January 2018. The standard introduced expected credit losses model for impairment of financial instruments, including loans and advances to customers measured at amortised cost.

The gross value of loans and advances to customers amounted to UZS 2,347,203,477 thousand with related allowance for impairment losses of UZS 24,703,916 thousand as at 31 December 2018.

The assessment expected credit losses requires considerable judgment in analyzing all reasonable and supportable information at the reporting date. Key areas of judgement included:

- identification of loans with a significant increase in credit risk and credit impaired loans and allocation of loans to the appropriate stage of impairment;
- measuring expected credit losses by assessing the probability of a loan falling into default and the amount of recoveries expected from defaulted loans.

Due to the significance of the balance of loans and advances to customers, magnitude of estimation uncertainties and the complexity of judgements applied by management in measuring expected credit losses, we identified impairment of loans and advances to customers as a key audit matter.

How the matter was addressed in the audit

We obtained an understanding of the process and relevant control procedures over the expected loss provisioning, particularly over the allocation of loans to the appropriate impairment stage, modelling of expected credit losses, including its governance, production of input data and accuracy of calculations. The audit procedures performed in this area, included:

- Assessment of the provisioning methodology developed for calculation of impairment losses in accordance with the requirements outlined in IFRS 9;
- With the involvement of our internal specialists, assessment of the reasonableness of management's assumptions in respect of the staging of loans, the probability of a loan falling into default and assessment of any recoveries expected from defaulted loans, with the reference to the historical information, market forecasts and industry practice;
- Testing the accuracy and completeness of the model's input data by checking it, on a sample basis, against supporting documents and loan monitoring acts.
- Consideration of the adequacy and completeness of the Group's disclosures in respect of credit risk, structure and quality of loan portfolio and impairment allowance in accordance with IFRS 9.

We found no material exceptions in these tests.

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.

Other Matter

The consolidated financial statements of PJSCB "Orient Finans" for the year ended 31 December 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 28 February 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 judgment and maintain professional scepticism 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 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.

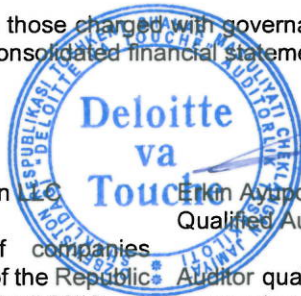
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

"Deloitte & Touche" Audit Organisation LLC

The license authorizing audit of companies registered by the Ministry of Finance of the Republic of Uzbekistan under #00776 dated 5 April 2019

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

19 April 2019
Tashkent, Uzbekistan



Erkin Avtobov
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

PRIVATE JOINT STOCK COMMERCIAL BANK "ORIENT FINANS" AND ITS SUBSIDIARY
Consolidated Statement of Financial Position
as at 31 December 2018
(in thousands of Uzbekistan Soums)

	Notes	31 December 2018	31 December 2017
ASSETS			
Cash and cash equivalents	6	1,049,706,319	1,490,636,883
Due from other banks	7	186,808,522	407,410,227
Loans and advances to customers	8	2,322,499,561	1,973,020,698
Financial assets at fair value through other comprehensive income	10	156,230,693	n/a
Investment securities available for sale		n/a	2,892,442
Current income tax prepayment		3,254,670	2,711,631
Deferred income tax asset	21	4,200,524	8,691,687
Premises, equipment and intangible assets	9	147,757,471	104,624,031
Other assets	11	7,745,705	7,188,023
TOTAL ASSETS		3,878,203,465	3,997,175,622
LIABILITIES			
Due to other banks	12	266,203,907	410,057,359
Other borrowed funds	14	576,539,388	845,116,278
Customer accounts	13	2,395,964,714	2,293,961,078
Other liabilities	15	9,540,371	6,633,279
TOTAL LIABILITIES		3,248,248,380	3,555,767,994
EQUITY			
Share capital	17	402,576,168	170,514,188
Share premium	17	2,105,273	2,105,273
Retained earnings		221,199,044	268,788,167
Revaluation reserve of financial assets measured at FVTOCI		4,074,600	n/a
TOTAL EQUITY		629,955,085	441,407,628
TOTAL LIABILITIES AND EQUITY		3,878,203,465	3,997,175,622

On behalf of the Management Board:


Parpiev B. B.
Chairman of the Management Board
 19 April 2019
 Tashkent, Uzbekistan


Rakhimov D.T.
Chief Accountant
 19 April 2019
 Tashkent, Uzbekistan

The notes on pages 11-64 form an integral part of these consolidated financial statements.

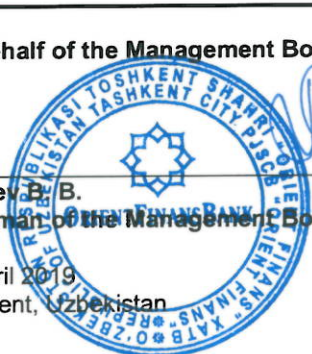
PRIVATE JOINT STOCK COMMERCIAL BANK "ORIENT FINANS" AND ITS SUBSIDIARY
Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2018
(in thousands of Uzbekistan Soums)

	Notes	2018	2017
Interest income	18	277,934,217	169,556,957
Interest expense	18	(74,552,392)	(36,646,374)
Net interest income		203,381,825	132,910,583
Provision for loan impairment	8	(19,336,994)	(23,548,566)
Net interest income after provision for loan impairment		184,044,831	109,362,017
Fee and commission income	19	144,065,072	141,354,935
Fee and commission expense	19	(27,603,360)	(20,235,071)
Net (loss) / gain from foreign exchange translation		(1,059,479)	145,627,761
Net gain from trading in foreign currencies		9,102,449	4,737,982
Net gain from swap operations		2,738,813	990,373
Other operating income		4,512,385	1,798,166
Recovery of provision on impairment of financial assets	28	623,671	-
Administrative and other operating expenses	20	(109,590,061)	(78,519,043)
Profit before tax		206,834,321	305,117,120
Income tax expense	21	(46,144,011)	(43,834,815)
PROFIT FOR THE YEAR		160,690,310	261,282,305
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on financial assets at FVTOCI		1,508,907	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	21	(230,094)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		161,969,123	261,282,305
Basis and diluted earnings per ordinary share (expressed in UZS per share)	22	573	2,264

On behalf of the Management Board:


Parpiev B. B.
 Chairman of the Management Board

19 April 2019
 Tashkent, Uzbekistan




Rakhimov D.T.
 Chief Accountant

19 April 2019
 Tashkent, Uzbekistan

The notes on pages 11-64 form an integral part of these consolidated financial statements.

PRIVATE JOINT STOCK COMMERCIAL BANK "ORIENT FINANS" AND ITS SUBSIDIARY
Consolidated Statement of Changes in Equity
for the year ended 31 December 2018
(in thousands of Uzbekistan Soums)

	Notes	Share capital	Share premium	Retained earnings	Revaluation reserve of financial assets measured at FVTOCI	Total
Balance at 31 December 2016		109,297,039	2,105,273	68,723,011	-	180,125,323
Total comprehensive income		-	-	261,282,305	-	261,282,305
Capitalisation of retained earnings	17	61,217,149	-	(61,217,149)	-	-
Balance at 31 December 2017		170,514,188	2,105,273	268,788,167	-	441,407,628
Impact of adopting of IFRS 9		-	-	23,782,547	2,795,787	26,578,334
Restated opening balance under IFRS 9		170,514,188	2,105,273	292,570,714	2,795,787	467,985,962
Total comprehensive income		-	-	160,690,310	1,278,813	161,969,123
Capitalisation of retained earnings	17	232,061,980	-	(232,061,980)	-	-
Balance at 31 December 2018		402,576,168	2,105,273	221,199,044	4,074,600	629,955,085

On behalf of the Management Board:

Parpiev B. B.
Chairman of the Management Board

19 April 2019
Tashkent, Uzbekistan



Rakhimov D.T.
Chief Accountant

19 April 2019
Tashkent, Uzbekistan

The notes on pages 11-64 form an integral part of these consolidated financial statements.

PRIVATE JOINT STOCK COMMERCIAL BANK "ORIENT FINANS" AND ITS SUBSIDIARY
Consolidated Statement of Cash Flows
for the year ended 31 December 2018
(in thousands of Uzbekistan Soums)

	Notes	2018	2017
Cash flows from operating activities			
Interest received		272,099,876	163,832,364
Interest paid		(72,786,621)	(35,071,809)
Fee and commission received		144,135,008	142,044,391
Fee and commission paid		(28,478,838)	(19,233,663)
Income received from trading in foreign currencies		9,102,449	4,737,982
Income received / (paid) from derivatives		2,738,813	(1,603,371)
Other operating income received		3,183,804	1,798,166
Staff costs paid		(41,134,929)	(33,179,929)
Administrative and other operating expenses paid		(57,993,567)	(38,136,697)
Income tax paid		(49,953,308)	(51,370,111)
Cash flows from operating activities before changes in operating assets and liabilities			
		180,912,687	133,817,323
<i>Net (increase) / decrease in:</i>			
- due from other banks		216,337,878	(120,760,387)
- loans and advances to customers		(301,547,703)	(8,894,214)
- other assets		1,873,188	(1,263,150)
<i>Net increase / (decrease) in:</i>			
- due to other banks		(152,072,688)	400,851,382
- customer accounts		98,749,920	482,667,395
- other liabilities		3,971,113	(3,907,514)
Net cash from operating activities			
		48,224,395	882,510,835

PRIVATE JOINT STOCK COMMERCIAL BANK "ORIENT FINANS" AND ITS SUBSIDIARY
Consolidated Statement of Cash Flows
for the year ended 31 December 2018
(in thousands of Uzbekistan Soums)

	Notes	2018	2017
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income		(148,062,675)	n/a
Acquisition of investment securities available for sale		n/a	(688,054)
Acquisition of premises, equipment and intangible assets	9	(58,457,249)	(46,501,562)
Proceeds from sale of premises and equipment		1,607,584	-
Dividend income received		1,053,047	-
Net cash used in investing activities		(203,859,293)	(47,189,616)
Cash flows from financing activities			
Proceeds from other borrowed funds		278,395,539	10,728,475
Repayment of other borrowed funds		(561,210,052)	(98,272,931)
Net cash used in financing activities		(282,814,513)	(87,544,456)
Effect of exchange rate changes on cash and cash equivalents		(2,372,973)	64,296,541
Net (decrease) / increase in cash and cash equivalents		(440,822,384)	812,073,304
Cash and cash equivalents at the beginning of the year	6	1,490,636,883	678,563,579
Cash and cash equivalents at the end of the year	6	1,049,814,499	1,490,636,883

On behalf of the Management Board:

Parpiev B.P.
Chairman of the Management Board

19 April 2019
Tashkent, Uzbekistan



Rakhimov D.T.
Chief Accountant

19 April 2019
Tashkent, Uzbekistan

The notes on pages 11-64 form an integral part of these consolidated financial statements