

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Joint Stock Commercial bank "Aloqabank"

Opinion

We have audited the financial statements of Joint Stock Commercial bank "Aloqabank" (hereinafter - "the Bank"), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2016, and its financial performance and its 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 Bank 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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
<p>Impairment of loans</p> <p>As discussed in Note 8, loans to customers account for almost 70% of the total assets of the Bank.</p> <p>The estimation of the recoverability of loan balances and the related calculation of loan loss provisions is subject to significant judgement including the identification and assessment of impairment events based on statistics, analysis of the borrower's financial position, and the amount and timing of future cash flows, particularly in relation to the valuation and realization of pledged collateral.</p> <p>Refer to Note 2 to the financial statements for the description of the Bank's policy on the calculation of allowance for impairment and Note 3 for the critical accounting judgements and key sources of estimation applied.</p>	<p>We obtained an understanding of the loan origination process and the management's process of assessing impairment of loans to customers.</p> <p>We selected loans on a sample basis and tested the appropriateness of the specific loan loss provisions as at the reporting date. We analysed the Bank's documentation of the borrower's credit assessment and challenged assumptions made in relation to projections of future cash flows from the borrower's business.</p> <p>Further, we assessed the valuation and timing of projected cash flows from collateral. We analysed the work performed by external experts used by the Bank to value collateral and compared the valuations to our own research of market values, particularly in respect of commercial real estate.</p> <p>We found no material exceptions in these tests.</p>

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 financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the 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 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 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Bank'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 Bank'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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 and are therefore the key audit matters.

"Deloitte & Touche" Audit Organisation LLC
License authorizing audit of companies
registered by the Ministry of Finance of the
Republic of Uzbekistan under #00500 dated 8
February 2008
Certificate authorizing audit of banks registered
by the Central Bank of the Republic of
Uzbekistan under #3 dated 14 October 2013

3 April 2017

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 "ALOQABANK"**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016***(in thousands of Uzbek Soums)*

	Notes	31 December 2016	31 December 2015
ASSETS			
Cash and cash equivalents	6	226,013,897	76,758,619
Due from other banks	7	153,642,618	104,358,109
Loans and advances to customers	8,30	1,086,234,816	916,683,731
Investment securities available for sale	9	3,258,863	3,766,531
Investment securities held to maturity	10	3,068,055	3,067,315
Investment in associates	11	10,914,161	8,743,453
Premises, equipment and intangible assets	12	65,152,389	59,559,239
Current income tax prepayment		759,398	-
Deferred income tax asset	24	4,509,764	3,521,143
Other assets	13	5,240,863	11,826,551
Non-current assets held for sale		1,748,486	-
TOTAL ASSETS		1,560,543,310	1,188,284,691
LIABILITIES			
Due to other banks	14	237,738,987	268,696,997
Customer accounts	15,30	1,089,017,204	718,825,573
Debt securities in issue	16,30	3,000,000	9,204,164
Other borrowed funds	17,30	25,359,870	5,323,089
Current income tax liability		-	830,015
Other liabilities	18	8,468,217	11,561,999
TOTAL LIABILITIES		1,363,584,278	1,014,441,837
EQUITY			
Share capital	19	123,377,798	112,701,169
Retained earnings		73,581,234	61,141,685
TOTAL EQUITY		196,959,032	173,842,854
TOTAL LIABILITIES AND EQUITY		1,560,543,310	1,188,284,691

Approved for issue and signed on behalf of the Management Board on 3 April 2017.

JOINT STOCK COMMERCIAL "ALOQABANK"**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016***(in thousands of Uzbek Soums, except for earnings per share which are in Soums)*

	Notes	2016	2015
Interest income	20,30	147,918,570	116,787,606
Interest expense	20,30	(67,786,103)	(53,498,124)
Net interest income before recovery on interest bearing assets		80,132,467	63,289,482
Recovery on interest bearing assets	8	2,811,272	250,431
Net interest income		82,943,739	63,539,913
Fee and commission income	21,30	48,080,352	39,777,167
Fee and commission expense	21,30	(8,815,297)	(5,992,301)
Net gain on foreign exchange translation		4,227,369	1,572,624
Net gain from trading in foreign currencies		1,753,869	3,565,085
Other operating income	22,30	3,275,666	1,608,860
Administrative and other operating expenses	23,30	(92,416,295)	(72,163,688)
Share of result from associates	11	2,162,523	1,908,687
Profit before tax		41,211,926	33,816,347
Income tax expense	24	(8,438,954)	(6,776,949)
PROFIT FOR THE YEAR		32,772,972	27,039,398
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		32,772,972	27,039,398
Basic and diluted earnings per preference share (expressed in UZS per share)	25	48	88
Basic and diluted earnings per ordinary share (expressed in UZS per share)	25	33	28

Approved for issue and signed on behalf of Management Board on 3 April 2017.

JOINT STOCK COMMERCIAL "ALOQABANK"**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016***(in thousands of Uzbek Soums)*

	Notes	Share capital	Retained earnings	Total equity
31 December 2014		104,440,658	35,686,287	140,126,945
Profit for the year		-	27,039,398	27,039,398
Other comprehensive income		-	-	-
Total comprehensive income for 2015		-	27,039,398	27,039,398
Shares issued	19	8,260,511	-	8,260,511
Dividends declared		-	(1,584,000)	(1,584,000)
31 December 2015		112,701,169	61,141,685	173,842,854
Profit for the year		-	32,772,972	32,772,972
Other comprehensive income		-	-	-
Total comprehensive income for 2016		-	32,772,972	32,772,972
Dividends declared	19	10,676,629	(20,333,423)	(9,656,794)
31 December 2016		123,377,798	73,581,234	196,959,032

Approved for issue and signed on behalf of Management Board on 3 April 2017.

JOINT STOCK COMMERCIAL "ALOQABANK"**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016***(in thousands of Uzbek Soums)*

	Notes	2016	2015
Cash flows from operating activities			
Interest received		150,990,142	126,424,181
Interest paid		(67,582,360)	(54,016,622)
Fee and commission received		49,027,001	38,542,652
Fee and commission paid		(8,826,461)	(6,070,439)
Net gain from trading in foreign currencies		1,753,869	465,085
Other operating income received		2,155,972	1,565,467
Staff costs paid		(47,391,877)	(37,007,965)
Administrative and other operating expenses paid		(37,858,781)	(27,829,617)
Income tax paid		(11,016,988)	(7,170,034)
Cash flows from operating activities before changes in operating assets and liabilities			
		31,250,517	34,902,708
Net increase in due from other banks		(49,107,249)	(14,789,303)
Net increase in loans and advances to customers		(169,739,179)	(217,622,887)
Net increase in other assets		(1,592,831)	(136,374)
Net (decrease)/increase in due to other banks		(30,949,783)	11,572,516
Net increase in customer accounts		371,139,266	140,206,330
Net increase in other liabilities		155,309	4,593,595
Net cash from/(used in) operating activities			
		151,156,050	(41,273,415)
Cash flows from investing activities			
Purchase of investment securities available for sale		(34,864)	(17,183)
Proceeds from disposal of investment securities held to maturity		-	2,000,000
Purchase of premises, equipment and intangible assets		(9,823,790)	(10,509,124)
Proceeds from disposal of premises, equipment and intangible assets		1,244,429	74,938
Investments to associates		(675,193)	-
Dividends received from associates		667,011	469,328
Dividends received		57,331	27,593
Net cash used in investing activities			
		(8,565,076)	(7,954,448)

JOINT STOCK COMMERCIAL "ALOQABANK"**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016***(in thousands of Uzbek Soums)*

	Notes	2016	2015
Cash flows from financing activities			
Issue of share capital	19	-	8,260,511
Dividends paid		(9,656,794)	(1,584,000)
Redemption of debt securities		(6,000,000)	(3,000,000)
Proceeds from other borrowed funds		20,036,959	-
Repayment of other borrowed funds		-	(5,628,484)
Net cash from/ (used in) financing activities		4,380,165	(1,951,973)
Effect of exchange rate changes on cash and cash equivalents			
		2,284,139	441,397
Net increase/(decrease) in cash and cash equivalents		149,255,278	(50,738,439)
Cash and cash equivalents at the beginning of the year	6	76,758,619	127,497,058
Cash and cash equivalents at the end of the year	6	226,013,897	76,758,619
Non-cash transactions			
		31 December 2016	31 December 2015
Capitalisation of dividends		10,676,629	-

Approved for issue and signed on behalf of the Management Board on 3 April 2017.