

Independent auditor's report

To the shareholders and Board of Directors of JSC "KDB Bank Uzbekistan"

We have audited the accompanying financial statements of JSC "KDB Bank Uzbekistan", which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 2015, and a summary of significant accounting policies and other explanatory information.

Audited entity's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the fairness of these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the audited entity, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of JSC "KDB Bank Uzbekistan" as at 31 December 2015, and its financial performance and cash flows for the year 2015 in accordance with International Financial Reporting Standards.

12 April 2016

Tashkent, Uzbekistan

Statement of financial position**As of 31 December 2015***(thousands of Uzbekistan soums)*

	Notes	2015	2014
Assets			
Cash and cash equivalents	6	1,795,757,462	1,398,034,178
Amounts due from credit institutions	7	646,794,017	561,444,795
Loans to customers	8	137,704,882	108,196,310
Property and equipment	9	23,978,458	23,925,060
Intangible assets	10	6,425,899	9,093,545
Current income tax prepayment	11	620,588	338,374
Deferred income tax assets	11	1,200,153	1,254,023
Other assets	12	26,513,303	9,400,719
Total assets		<u>2,638,994,762</u>	<u>2,111,687,004</u>
Liabilities			
Amounts due to credit institutions	13	85,752,524	35,112,207
Amounts due to customers	14	2,312,950,145	1,880,117,567
Other liabilities	12	4,665,414	3,803,528
Total liabilities		<u>2,403,368,083</u>	<u>1,919,033,302</u>
Equity			
Share capital	15	40,444,206	40,444,206
Retained earnings		195,182,473	152,209,496
Total equity		<u>235,626,679</u>	<u>192,653,702</u>
Total liabilities and equity		<u>2,638,994,762</u>	<u>2,111,687,004</u>

Signed and authorized for release on behalf of the Management Board of the Bank

Mr. In Joo Kim

Chairman of the Board

Mr. Abror Juraev

Chief Accountant

12 April 2016

Statement of profit or loss and comprehensive income**For the year ended 31 December 2015***(thousands of Uzbekistan soums)*

	Notes	2015	2014
Interest income			
Loans to customers		21,205,383	15,826,423
Amounts due from credit institutions		12,791,214	14,205,903
		33,996,597	30,032,326
Interest expense			
Amounts due to credit institutions		2,045,765	909,478
		2,045,765	909,478
Net interest income		31,950,832	29,122,848
Reversal/(charge) of allowance for loan impairment	8	1,424,506	(728,980)
Net interest income after allowance for loan impairment		33,375,338	28,393,868
Fee and commission income	17	52,945,681	40,528,324
Fee and commission expense	17	(4,343,433)	(4,477,241)
Net gains from foreign currencies:			
- dealing		2,166,623	2,733,218
- translation differences		15,385,260	8,727,195
Other operating income		294,036	552,761
Non-interest income		66,448,167	48,064,257
Personnel expenses	18	22,152,091	18,645,395
Depreciation and amortization	9,10	4,004,816	4,255,399
Other operating expenses	18	10,868,138	9,481,608
Non-interest expense		37,025,045	32,382,402
Profit before income tax expense		62,798,460	44,075,723
Income tax expense	11	(11,705,713)	(8,078,372)
Total profit for the year		51,092,747	35,997,351
Other comprehensive income		-	-
Total comprehensive income for the year		51,092,747	35,997,351

The accompanying notes on pages 5 to 42 are an integral part of these financial statements.

Statement of changes in equity**For the year ended 31 December 2015***(thousands of Uzbekistan soums)*

	Note	Share capital	Retained earnings	Total equity
31 December 2013		40,444,206	123,389,645	163,833,851
Total comprehensive income for the year		-	35,997,351	35,997,351
Payment of dividends	15	-	(7,177,500)	(7,177,500)
31 December 2014		40,444,206	152,209,496	192,653,702
Total comprehensive income for the year		-	51,092,747	51,092,747
Payment of dividends	15	-	(8,119,770)	(8,119,770)
31 December 2015		40,444,206	195,182,473	235,626,679

The accompanying notes on pages 5 to 42 are an integral part of these financial statements.

Statement of cash flows**For the year ended 31 December 2015***(thousands of Uzbekistan soums)*

	<i>Notes</i>	2015	2014
Cash flows from operating activities			
Interest received		34,002,117	30,286,299
Interest paid		(2,025,334)	(735,597)
Fees and commissions received		52,518,821	40,840,466
Fees and commissions paid		(4,119,278)	(4,262,446)
Realized gains less losses from dealing in foreign currencies		2,166,623	2,733,218
Other income received		78,788	552,761
Personnel expenses paid		(20,877,093)	(17,622,809)
Other operating expenses paid		(10,084,295)	(8,196,829)
Cash flows from operating activities before changes in operating assets and liabilities		51,660,349	43,595,063
<i>Net (increase)/decrease in operating assets</i>			
Amounts due from credit institutions		(79,970,555)	(186,356,992)
Loans to customers		(26,819,890)	(29,437,505)
Other assets		3,127,174	(281,924)
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to customers		50,619,886	8,167,255
Amounts due to credit institutions		432,128,986	294,208,913
Other liabilities		(1,330,537)	(8,734)
Net cash from operating activities before income tax		429,415,413	129,886,076
Income tax paid		(11,934,057)	(8,990,739)
Net cash from operating activities		417,481,356	120,895,337
Cash flows from investing activities			
Purchase of property and equipment and intangible assets		(21,539,414)	(22,143,338)
Proceeds from sale of property and equipment		121,616	900,000
Net cash used in investing activities		(21,417,798)	(21,243,338)
Cash flows from financing activities			
Dividends paid to shareholders of the Bank	15	(8,119,770)	(7,177,500)
Net cash used in financing activities		(8,119,770)	(7,177,500)
Effect of exchange rates changes on cash and cash equivalents		9,779,496	6,956,940
Net increase in cash and cash equivalents		397,723,284	99,431,439
Cash and cash equivalents, beginning		1,398,034,178	1,298,602,739
Cash and cash equivalents, ending	6	1,795,757,462	1,398,034,178

The accompanying notes on pages 5 to 42 are an integral part of these financial statements.