

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Supervisory Board 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 2020 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 2020 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 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 matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Why the matter was determined to be a key audit matter

How the matter was addressed in the audit

Allowance for loans and advances to customers for expected credit losses ("ECL")

We updated our understanding of the Group's processes and internal control related to assessment and measurement of ECL.

As disclosed in Note 8 to the consolidated financial statements, the gross value of loans and advances to customers amounted to UZS 3,605,701 million with related allowance for impairment losses of UZS 30,058 million as at 31 December 2020.

Our audit procedures included the following:

The assessment and measurement of the ECL either on individual or collective basis involves the use of judgement in determining whether a significant increase in credit risk or event of default has occurred on loans since their initial recognition.

For loans assessed collectively and individually we tested, on a sample basis, the accuracy and completeness of input data and other information used in the models, including principle balances, allocation of loans by days in arrears, and checked other parameters, such as delinquency of interest or principle, restructuring events, existence of litigation processes and statistics for recoveries of loans;

Assessment of ECL on a collective basis involves estimation techniques that heavily rely on unobservable information, including history of delinquencies or recoveries and statistical modelling.

For collectively assessed loans, we challenged appropriateness of identification of the significant increase in credit risk. For a sample of loans in impairment stage 1 and 2, we challenged the Group's identification of significant increase in credit risk. For a sample of loans classified as stage 3 we challenged the Group's assessment of credit-impaired classification and whether relevant impairment events had been identified in a timely manner;

Individual assessment of ECL for significant loans involves an analysis of financial and non-financial performance of the borrower, overdue of interest or principal or restructuring events. For significant loans at stage 3 analysis involves estimation of the future cash flows under different scenarios weighted for their probabilities. Information used for such analysis could include current financial performance of the borrower, expected value of collateral, and costs and time required to sell the collateral.

For individually significant borrowers, we have challenged the Group's individually significant borrower's checklists and whether relevant impairment events had been identified on a timely basis, including overdue interest or principal, restructuring events and certain financial and non-financial performance indicators in order to evaluate whether the loans have been appropriately classified to the respective stage.

Allowance for ECL is determined to be a key audit matter due to the significance of Loans and advances to customers balances and the degree of judgement and estimation uncertainty, as discussed in Note 3, Note 4, Note 8 and Note 27 to the consolidated financial statements.

We assessed the reasonableness of management's assumptions in respect of the probability of loan falling into default and any recoveries expected from defaulted loans, with the reference to the historical information and industry practice;

We analysed 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.

We found no material exceptions based on the above procedures.

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 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 consolidated financial statements does not cover the other information and we do 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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 IFRS, 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.

Auditor's 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.

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, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

"Deloitte & Touche" Audit Organisation LLC

Turgunboy Tokhirov

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

Qualified Auditor/Engagement Partner

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

Auditor qualification certificate authorizing audit of companies, #05422 dated 20 August 2016 issued by the Ministry of Finance of the Republic of Uzbekistan

4 June 2021
Tashkent, Uzbekistan

Auditor qualification certificate authorizing audit of banks, #6/11 dated 29 March 2021 issued by the Central bank of the Republic of Uzbekistan



Erkin Ayupov
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 2020

(in millions of Uzbekistan Soums)

	Notes	31 December 2020	31 December 2019
ASSETS			
Cash and cash equivalents	6	1,186,968	1,294,407
Due from other banks	7	103,424	233,389
Loans and advances to customers	8	3,575,643	2,658,323
Financial assets at fair value through other comprehensive income	10	15,272	10,331
Premises, equipment and intangible assets	9	218,925	184,859
Current income tax prepayment		8,043	6,029
Deferred income tax asset	21	4,185	2,537
Other assets	11	13,715	18,272
TOTAL ASSETS		5,126,175	4,408,147
LIABILITIES			
Due to other banks	12	1,177,047	468,257
Customer accounts	13	2,670,280	2,716,371
Other borrowed funds	14	177,301	343,684
Other liabilities	15	10,161	14,399
TOTAL LIABILITIES		4,034,789	3,542,711
EQUITY			
Share capital	17	768,500	562,171
Share premium	17	2,105	2,105
Retained earnings		312,907	294,809
Revaluation reserve of financial assets measured at FVTOCI		7,874	6,351
TOTAL EQUITY		1,091,386	865,436
TOTAL LIABILITIES AND EQUITY		5,126,175	4,408,147

On behalf of the Management Board:

Tuyboev Sherzod Shukhratilloevich

Acting Chairman of the Management Board

4 June 2021

Tashkent, Uzbekistan

Rakhimov Dilshod Tulkinovich

Chief Accountant

4 June 2021

Tashkent, Uzbekistan

The notes on pages 11-57 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 2020
(in millions of Uzbekistan Soums)

	Notes	2020	2019
Interest income	18	473,203	404,800
Interest expense	18	(130,846)	(119,137)
Net interest income before (provision)/recovery for ECL on loans and advances to customers		342,357	285,663
(impairment losses)/ recovery of impairment on loans and advances to customers	27	(16,145)	9,655
Net interest income after provision for expected credit loss		326,212	295,318
Fee and commission income	19	168,573	172,969
Fee and commission expense	19	(42,959)	(43,856)
Net gain from foreign exchange translation		8,085	4,601
Net gain from trading in foreign currencies		11,652	7,858
Other operating income		7,620	8,785
Administrative and other operating expenses	20	(173,717)	(139,612)
Recovery of provision for other assets/liabilities and contingencies		233	84
Profit before tax		305,699	306,147
Income tax expense	21	(68,663)	(65,859)
PROFIT FOR THE YEAR		237,036	240,288
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain on financial assets at FVTOCI		1,904	2,845
Income tax relating to items that will not be reclassified subsequently to profit or loss		(381)	(569)
Total other comprehensive income		1,523	2,276
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		238,559	242,564
Basis and diluted earnings per ordinary share (expressed in UZS per share)		479	627

On behalf of the Management Board:

Tuyboev Sherzod Shukhratilloevich

Acting Chairman of the Management Board

4 June 2021

Tashkent, Uzbekistan

Rakhimov Dilshod Tulkinovich

Chief Accountant

4 June 2021

Tashkent, Uzbekistan

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PRIVATE JOINT STOCK COMMERCIAL BANK "ORIENT FINANS" AND ITS SUBSIDIARY

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

(in millions of Uzbekistan Soums)

	Note	Share capital	Share premium	Retained earnings	Revaluation reserve of financial assets measured at FVTOCI	Total
Balance at 31 December 2018		402,576	2,105	221,199	4,075	629,955
Profit for the year		-	-	240,288	-	240,288
Other comprehensive income for the year, net of income tax		-	-	-	2,276	2,276
Capitalisation of retained earnings		159,595	-	(166,678)	-	(7,083)
Balance at 31 December 2019		562,171	2,105	294,809	6,351	865,436
Profit for the year		-	-	237,036	-	237,036
Other comprehensive income for the year, net of income tax		-	-	-	1,523	1,523
Capitalisation of retained earnings	17	206,329	-	(218,938)	-	(12,609)
Balance at 31 December 2020		768,500	2,105	312,907	7,874	1,091,386

On behalf of the Management Board:

Tuyboev Sherzod Shukhratilloevich

Acting Chairman of the Management Board

Rakhimov Dilshod Tulkinovich

Chief Accountant

4 June 2021

Tashkent, Uzbekistan

4 June 2021

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PRIVATE JOINT STOCK COMMERCIAL BANK "ORIENT FINANS" AND ITS SUBSIDIARY

Consolidated Statement of Cash Flows

for the year ended 31 December 2020

(in millions of Uzbekistan Soums)

	Notes	2020	2019
Cash flows from operating activities			
Interest received		464,397	393,055
Interest paid		(128,535)	(120,985)
Fee and commission received		169,461	170,677
Fee and commission paid		(44,369)	(43,856)
Income received from trading in foreign currencies		11,652	7,858
Other operating income received		6,118	6,169
Staff costs paid		(64,844)	(47,934)
Administrative and other operating expenses paid		(90,994)	(67,595)
Income tax paid		(72,706)	(67,538)
Cash flows from operating activity before changes in operating assets and liabilities		250,180	229,851
Changes in operating assets and liabilities			
<i>Net (increase)/decrease in:</i>			
- due from other banks		140,332	(17,684)
- loans and advances to customers		(765,566)	(111,026)
- other assets		331	-
<i>Net increase/(decrease) in:</i>			
- due to other banks		612,291	143,109
- customer accounts		(153,554)	187,226
- other liabilities		(12,224)	(6,900)
Net cash from operating activities		71,790	424,576

On behalf of the Management Board:

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Acting Chairman of the Management Board

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PRIVATE JOINT STOCK COMMERCIAL BANK "ORIENT FINANS" AND ITS SUBSIDIARY

Consolidated Statement of Cash Flows

for the year ended 31 December 2020

(in millions of Uzbekistan Soums)

	Notes	2020	2019
Cash flows from investing activities			
Proceeds from (purchases)/sale of financial assets at fair value through other comprehensive income	10	(3,037)	148,745
Acquisition of premises, equipment and intangible assets		(50,143)	(62,638)
Proceeds from sale of premises and equipment		17	1,926
Dividend income received		1,553	2,468
Net cash (used in)/from investing activities		(51,610)	90,501
Cash flows from financing activities			
Proceeds from other borrowed funds		84,669	181,547
Repayment of other borrowed funds		(271,855)	(546,881)
Net cash used in financing activities	16	(187,186)	(365,334)
Effect of exchange rate changes on cash and cash equivalents	27	59,616	94,935
Effect of expected credit loss	6	(49)	(85)
Net increase/(decrease) in cash and cash equivalents		(107,439)	244,593
Cash and cash equivalents at the beginning of the year	6	1,294,407	1,049,814
Cash and cash equivalents at the end of the year	6	1,186,968	1,294,407
Non-cash transactions:			
<i>Recognition of off-balance sheet items within:</i>			
-Loans and advances to customers		-	(94,671)
-Other borrowed funds		-	94,671

On behalf of the Management Board:

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Acting Chairman of the Management Board

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