



ASIA ALLIANCE
BANK

**JOINT STOCK COMMERCIAL BANK
“ASIA ALLIANCE BANK”**

**Consolidated financial statements and
Independent Auditor’s Report
For the year ended 31 December 2014**



Independent Auditor's Report

To the Shareholders and Council of the Joint Stock Commercial Bank "Asia Alliance Bank":

- 1 We have audited the accompanying consolidated financial statements of the Joint Stock Commercial Bank "Asia Alliance Bank" (the "Bank") and its subsidiary (collectively referred as the "Group"), which comprise the consolidated statement of financial position as of 31 December 2014 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

- 2 Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

- 3 Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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, as well as evaluating the overall presentation of the consolidated financial statements.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- 6 In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Audit Organization "PricewaterhouseCoopers" LLC

Audit Organization "PricewaterhouseCoopers" LLC
13 March 2015
Tashkent, Uzbekistan

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

(in thousands of Uzbek Soums)

	Notes	31 December 2014	31 December 2013
ASSETS:			
Cash and cash equivalents	7	433,776,316	531,627,187
Due from banks	8	224,718,887	350,982,750
Loans to customers	9,27	413,080,259	192,532,112
Finance lease receivables	10,27	25,243,365	10,578,496
Current income tax prepayment		3,083,114	3,071,979
Premises and equipment	11	23,925,182	20,211,022
Intangible assets	11	571,424	316,594
Other assets	12	4,545,727	3,964,668
TOTAL ASSETS		1,128,944,274	1,113,284,808
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks	13	18,600,000	72,647,809
Customer accounts	14,27	959,908,857	935,910,638
Deferred income tax liability	21	14,042	779,426
Other liabilities	15	7,550,156	8,072,591
Total liabilities		986,073,055	1,017,410,464
EQUITY:			
Share capital	16	99,007,947	75,278,123
Share premium	16	2,374,809	1,425,616
Retained earnings		41,488,463	19,170,605
Total equity		142,871,219	95,874,344
TOTAL LIABILITIES AND EQUITY		1,128,944,274	1,113,284,808

On behalf of the Management Board

Mr. Abdukakhorov I.A.
Chairman of the Board

10 March 2015
Tashkent, Uzbekistan



Mr. Sharipov D.P.
Chief Accountant

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014**



(in thousands of Uzbek Soums)

	Notes	Year ended 31 December 2014	Year ended 31 December 2013
Interest income	17	37,116,673	26,854,210
Interest expense	17	(25,617,423)	(12,671,328)
Net interest income		11,499,250	14,182,882
Provision for impairment of loans to customers and finance lease receivables	9,10	(4,750,846)	(4,667,042)
Net interest income after provision for impairment of loans to customers and finance lease receivables		6,748,404	9,515,840
Net gain on foreign exchange operations	18	39,503,474	31,255,330
Fee and commission income	19	68,719,809	52,638,570
Fee and commission expense	19	(17,543,317)	(14,882,474)
Recovery / (provision)	12,15	1,134,339	(2,610,766)
Other income		223,817	338,179
Net non-interest income		92,038,122	66,738,839
Operating income		98,786,526	76,254,679
Operating expenses	20	(36,883,022)	(25,564,345)
Profit before income tax		61,903,504	50,690,334
Income tax expense	21	(11,689,062)	(9,307,483)
NET PROFIT FOR THE YEAR		50,214,442	41,382,851
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		50,214,442	41,382,851

Mr. Abdukakhorov I.A.
Chairman of the Board

10 March 2015
Tashkent, Uzbekistan



Mr. Sharipov D.P.
Chief Accountant

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

(in thousands of Uzbek Soums)

Notes	Share capital	Share premium	Retained earnings	Total equity
1 January 2013	50,850,000	688,492	10,492,494	62,030,986
Share issue - cash	2,788,461	111,538	-	2,899,999
Total comprehensive income for 2013	-	-	41,382,851	41,382,851
Dividends declared	-	-	(10,439,492)	(10,439,492)
Dividends capitalised	21,639,662	625,586	(22,265,248)	-
31 December 2013	75,278,123	1,425,616	19,170,605	95,874,344
Share issue - cash	1,538,462	61,538	-	1,600,000
Total comprehensive income for 12 months of 2014	-	-	50,214,442	50,214,442
Dividends declared	-	-	(6,747,118)	(6,747,118)
Dividends capitalised (current year)	20,336,025	813,441	(21,149,466)	-
Dividends capitalised (previous year)	1,855,337	74,214	-	1,929,551
31 December 2014	99,007,947	2,374,809	41,488,463	142,871,219

On behalf of the Management Board

Mr. Abdulkahorov I.A.
Chairman of the Board

10 March 2015
Tashkent, Uzbekistan



Mr. Sharipov D.P.
Chief Accountant

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2014**

(in thousands of Uzbek Soums)



	Notes	Year ended 31 December 2014	Year ended 31 December 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		37,076,387	27,868,060
Interest paid		(25,398,178)	(12,620,707)
Fee and commission received		68,764,316	53,530,113
Fee and commission paid		(17,543,317)	(14,905,548)
Income received from trading in foreign currencies		2,050,092	860,069
Other operating income received		223,817	306,535
Staff costs paid		(14,820,991)	(12,054,955)
Administrative and other operating expenses paid		(17,510,995)	(12,214,612)
Income tax paid		(12,465,581)	(11,235,667)
Cash flows from operating activities before changes in operating assets and liabilities		20,375,550	19,533,288
Change in operating assets and liabilities			
Net decrease (increase) in obligatory reserve deposit at the CBU		35,931,730	(46,911,380)
Net decrease / (increase) in due from other banks		116,905,120	(145,949,584)
Net increase in loans to customers		(225,424,905)	(100,953,556)
Net (increase) / decrease in finance lease receivable		(13,751,814)	344,951
Net increase in other assets		(205,555)	(14,063)
Net (decrease) / increase in due to other banks		(53,903,289)	46,865,932
Net increase in customer accounts		2,485,256	319,760,077
Net (decrease) / increase in other liabilities		(77,276)	469,587
Net cash (used) / from operating activities		(117,665,183)	93,145,252
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of premises and equipment		(6,330,741)	(4,657,696)
Purchase of intangible assets		(382,535)	(103,418)
Proceeds from disposal of premises and equipment		-	986,626
Net cash used in investing activities		(6,713,276)	(3,774,488)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		1,600,000	2,899,999
Dividends paid on ordinary shares	22	(6,408,465)	(6,815,738)
Net cash used in financing activities		(4,808,465)	(3,915,739)

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2014 (CONTINUED)**



(in thousands of Uzbek Soums)

	Notes	Year ended 31 December 2014	Year ended 31 December 2013
Effect of exchange rate changes on cash and cash equivalents		31,336,053	30,395,261
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(97,850,871)	115,850,286
CASH AND CASH EQUIVALENTS, beginning of year	7	531,627,187	415,776,901
CASH AND CASH EQUIVALENTS, end of year	7	433,776,316	531,627,187
Non-cash Transactions:			
Capitalisation of shares		1,929,551	-

On behalf of the Management Board

Mr. Abdukakhorov I.A.
Chairman of the Board



Mr. Sharipov D.P.
Chief Accountant

10 March 2015
Tashkent, Uzbekistan