



**JSC Ziraat Bank Tbilisi Branch**

**Financial statements**

**For the year ended 31 December 2016**

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These financial statements are presented in Georgian Lari ("ლ").  
Decimal symbol is dot (".") and digit-grouping symbol is comma (",")



## **INDEPENDENT AUDITOR'S REPORT**

**To the Owner and Management of JSC Ziraat Bank Tbilisi Branch:**

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of JSC Ziraat Bank Tbilisi Branch (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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Georgia, 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.

#### *Responsibilities of Management 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 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 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 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, 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.

The engagement partner on the audit resulting in this independent auditor's report is David Gvetadze.

**PKF Georgia LLC**  
28 April 2017



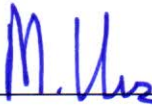
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**Statement of comprehensive income**

	Note	2016	2015
Interest income	5	3,033,402	2,810,695
Interest expense	5	(230,346)	(356,171)
<b>Net interest income</b>		<b>2,803,056</b>	<b>2,454,524</b>
Change in provision for loan impairment	10	(269,452)	(158,970)
<b>Net interest income after provision for loan impairment</b>		<b>2,533,604</b>	<b>2,295,554</b>
Fee and commission income *	6	1,219,562	1,059,666
Fee and commission expense	6	(495,327)	(167,279)
Income from foreign currency operations		2,158,750	2,177,012
General and administrative expenses	7	(3,210,893)	(3,198,520)
Other income *2		159,906	56,802
Change in provision for guarantees issued	14	50,081	104,549
Foreign exchange loss		(151,042)	(31,584)
<b>Profit before tax</b>		<b>2,264,641</b>	<b>2,296,200</b>
Income tax expense	8	(236,806)	(220,047)
<b>PROFIT FOR THE YEAR</b>		<b>2,027,835</b>	<b>2,076,153</b>

Approved for issue and signed on behalf of the Management on 28 April 2017:

  
 Mehmet Uchar  
 Director



  
 Davit Kistauri  
 Chief Accountant

\*In prior year, financial statements 'Income from guarantees' was included in 'Other income'.

