



**JSC “Ziraat Bank Georgia”**

Financial Statements

As at 31 December, 2017

and

**Independent Auditor’s Report**

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## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF JSC "ZIRAAT BANK GEORGIA" Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of JSC "Ziraat Bank Georgia" (the Company) which comprise the statement of financial position as at 31, December 2017, 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 Company as at 31 December, 2017 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 Company 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.

#### Management's responsibility 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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



PKF Georgia LLC

Date: 30.04.2018



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Address: 61, Agmashenebeli 0102, Tbilisi, Georgia  
Tel: +995 32 2 24 30 30  
Fax: +995 32 2 293 57 94 | E-Mail: [pkf@pkfgeorgia.com](mailto:pkf@pkfgeorgia.com) | URL: [www.pkf.com](http://www.pkf.com)

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## FINANCIAL STATEMENTS

JSC "Ziraat Bank Georgia"  
Statement of Comprehensive income  
As at 31 December 2017  
Amounts are express in "GEL"

	Note	2017	2016
Interest income	5	3,408,489	3,033,402
Interest expense	5	(350,100)	(230,346)
<b>Net interest income</b>		<b>3,058,388</b>	<b>2,803,056</b>
Change in provision for loan impairment	10	(266,649)	(269,452)
<b>Net interest income after provision for loan impairment</b>		<b>2,791,739</b>	<b>2,533,604</b>
Fee and commission income	6	1,117,388	1,219,562
Fee and commission expense	6	(536,608)	(495,327)
Income from foreign currency operations		1,799,643	2,158,750
General and administrative expenses	7	(3,534,389)	(3,210,893)
Other income		180,662	159,906
Change in provision for guarantees issued	14	(139,217)	50,081
Gain/(Loss) from foreign exchange translation differences		(137,982)	(151,042)
<b>Profit before tax</b>		<b>1,541,237</b>	<b>2,264,641</b>
Income tax expense	8	(62,201)	(236,806)
<b>PROFIT FOR THE YEAR</b>		<b>1,479,036</b>	<b>2,027,835</b>

Approved for issuing and signed on behalf of the Management on 30 April, 2018

General director  
Mehmet Ucar



Accountant  
Lina Davididze




