

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Supervisory Board of the CJSC "International bank of Tajikistan":

Opinion

We have audited the accompanying consolidated financial statements of the Closed Joint Stock Company "International bank of Tajikistan" and its subsidiary companies (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Key Audit Matters

Evaluation of impairment of loan portfolio in accordance with IFRS and NBT

The Group calculates allowance for impairment of loan portfolio according to regulations of the National bank of Tajikistan (the "NBT") which differ from International Financial Reporting Standards (the "IFRS") approach. Management of the Group assessed results of evaluation of two methods and did not identify significant difference between final results of calculation of allowance for impairment according to regulations of NBT and IFRS approaches.

Emphasis of matters

Without qualifying our opinion, we draw attention to the fact that CJSC MLO "Standard Ijora" and LLC "Sugurtai Asri 21" are subsidiaries of the Bank. During the consolidation process, data was taken from unaudited financial statements of CJSC MLO "Standard Ijora" and LLC "Sugurtai Asri 21", due to the insignificance of the activities, assets and liabilities on the consolidated financial statements of the Group as at December 31, 2017 and for the year the then ended.

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 IFRSs, 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 consolidated 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:

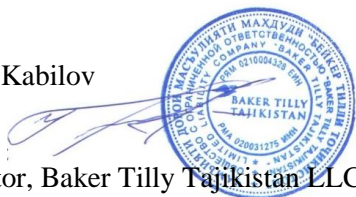
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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.
- 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.

March 9, 2018
Dushanbe, Republic of Tajikistan

Daler Kabilov



Director, Baker Tilly Tajikistan LLC


License # 0000077 issued by the Ministry of Finance of the Republic of Tajikistan and License 0000063 issued by the National bank of Tajikistan.

CJSC "INTERNATIONAL BANK OF TAJIKISTAN"

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017**
(in thousands of Tajik Somoni)


	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
Interest income	4	23,268	16,195
Interest expenses	4	(5,959)	(4,491)
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		17,309	11,704
Recovery/(Accrual) of allowance for impairment losses on interest bearing assets	13	719	(159)
NET INTEREST INCOME		18,028	11,545
Commission income	5	6,284	1,847
Net gain on foreign exchange transactions	6	5,110	499
Recovery of allowance for impairment losses on other assets	7	521	2,366
Other income	8	2,835	379
NET NON - INTEREST INCOME		14,750	5,091
Operating expenses	9	(18,071)	(8,959)
PROFIT BEFORE INCOME TAX		14,707	7,677
Income tax	10	(2,277)	(2,343)
NET PROFIT FOR THE YEAR		12,430	5,334
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		12,430	5,334
Attributable to:			
Shareholders		12,180	5,248
Non-controlling interest		250	86
		12,430	5,334

On behalf of the Management:


Rajabov I.H.
Chairman

March 9, 2018
Dushanbe, Republic of Tajikistan




Odinaev S.A.
Chief Accountant

March 9, 2018
Dushanbe, Republic of Tajikistan

The notes on pages 10-48 form an integral part of the financial statements. The Independent Auditors' Report is on pages 3-4.

CJSC "INTERNATIONAL BANK OF TAJIKISTAN"

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**
(in thousands of Tajik somoni)

	Notes	December 31, 2017	December 31, 2016
ASSETS:			
Cash and cash equivalents	11	98,232	77,418
Due from banks	12	87,286	37,196
Loans to customers	13	90,958	47,963
Investments held to maturity	14	-	14,967
Property and equipment	15	9,627	4,838
Deferred tax assets	10	86	-
Intangible assets	16	3,445	336
Other assets	17	9,256	5,757
TOTAL ASSETS		298,890	188,475
SHAREHOLDERS' EQUITY AND LIABILITIES:			
LIABILITIES:			
Customer accounts	18	164,783	99,106
Due to banks and financial institutions	19	24,720	89
Financial instruments at fair value through profit or loss	20	135	-
Borrowings	21	882	-
Deferred tax liabilities	10	-	541
Other liabilities	22	7,969	768
		198,489	100,504
SHAREHOLDERS' EQUITY:			
Share capital	23	84,847	80,000
General reserves		2,144	1,716
Retained earnings		12,530	5,625
Non-controlling interest		880	630
		100,401	87,971
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		298,890	188,475

On behalf of the Management:

Rajabov I.H
Chairman



March 9, 2018
Dushanbe, Republic of Tajikistan

Odinaev S.A
Chief Accountant

March 9, 2018
Dushanbe, Republic of Tajikistan

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CJSC "INTERNATIONAL BANK OF TAJIKISTAN"

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017
(in thousands of Tajik somoni)

	Note	Share Capital	General reserves	Retained earnings	Non-controlling interest	Total capital
Balance at December 31, 2015		24,605	1,093	6,676	544	32,918
Transactions with owners						
Increase of share capital		49,719	-	-	-	49,719
Transfer to the general reserves		-	623	(623)	-	-
Declared dividends		5,676	-	(5,676)	-	-
Total of transactions with owners		55,395	623	(6,299)	-	49,719
Comprehensive income						
Profit for the year		-	-	5,248	86	5,334
Total comprehensive income		-	-	5,248	86	5,334
Balance at December 31, 2016	23	80,000	1,716	5,625	630	87,971
Transactions with owners						
Increase of share capital	23	4,847	-	(4,847)	-	-
Transfer to the general reserves		-	428	(428)	-	-
Total of transactions with owners		4,847	428	(5,275)	-	-
Comprehensive income						
Profit for the year		-	-	12,180	250	12,430
Total comprehensive income		-	-	12,180	250	12,430
Balance at December 31, 2017	23	84,847	2,144	12,530	880	100,401

On behalf of the Management:

Rajabov J.H
Chairman



Odinaev S.A
Chief Accountant

March 9, 2018

Dushanbe, Republic of Tajikistan

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CJSC “INTERNATIONAL BANK OF TAJIKISTAN”

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax expenses		14,707	7,677
Adjustments for:			
Change in allowance for impairment losses on interest bearing assets	13	(719)	159
Depreciation of property and equipment and amortization of intangible assets	15	806	476
Change in allowance on foreclosed assets	7	279	480
Change in allowance for doubtful debts	7	(800)	800
Recovery of provision for due from banks	7	-	(3,646)
Change in unused vacation provision	9	179	6
Loss on disposal of property and equipment	9	176	46
Forex exchange differences	6	(885)	(549)
Interest income, net	4	(17,309)	(11,704)
Cash flows before changes in operating assets and liabilities		(3,566)	(6,255)
Changes in operating assets and liabilities			
(Increase)/decrease in due from banks		(7,646)	28,726
Increase in loans to customers		(39,458)	(14,305)
Increase in other assets		(5,429)	(3,366)
Increase in customer accounts		64,159	23,670
Increase in due to banks		23,667	64
Increase/(decrease) in other liabilities		6,541	(611)
Cash inflow from operating activities before taxation and interest		38,268	27,923
Interest received		22,534	15,985
Interest paid		(16,976)	(2,072)
Income tax paid		(2,399)	(2,420)
Net cash inflow from operating activities		41,427	39,416

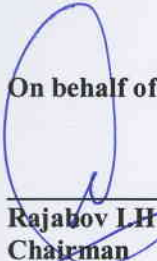
CJSC "INTERNATIONAL BANK OF TAJIKISTAN"

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017 (CONTINUED)**

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets	15,16	(5,872)	(3,782)
Net cash outflow from investing activities		<u>(5,872)</u>	<u>(3,782)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds for borrowings		881	-
Increase of share capital		-	49,719
Net cash inflow from financing activities		881	49,719
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>36,436</u>	<u>85,353</u>
Effect of changes in exchange rates on cash and cash equivalents		<u>1,959</u>	<u>737</u>
CASH AND CASH EQUIVALENTS, at the beginning of the year	11	<u>125,335</u>	<u>39,245</u>
CASH AND CASH EQUIVALENTS, at the end of the year	11	<u>163,730</u>	<u>125,335</u>

On behalf of the Management:


Rajabov I.H.
Chairman

March 9, 2018
Dushanbe, Republic of Tajikistan




Odinaev S.A.
Chief Accountant

March 9, 2018
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