

INDEPENDENT AUDITORS' REPORT

To the Shareholders, Supervisory Board and Management 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 Limited Liability Company "Sugurtai Asri 21" and Closed Joint Stock Company Microleasing Organization "Standard Ijora" (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2019 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, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (the "ISA"). Our responsibilities under those standards are further described in the auditors' 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 Tajikistan, 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.

Emphasis of matters

Without qualifying our opinion, we draw your attention to the Note 13 of consolidated financial report. The Group calculates the allowance for expected credit losses on loans to customers portfolio in accordance with IFRS 9 "Financial Instruments" (the "IFRS 9") which differs from the allowance calculated in accordance with National Bank of Tajikistan (the "NBT"). The calculated allowance for expected credit losses on loans to customers portfolio in accordance with IFRS 9 amounted to 425 thousand somoni and allowance calculated in accordance with National Bank of Tajikistan amounted to 1,409 thousand somoni, respectively.

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 Microleasing organization "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, 2019 and for the year the then ended.

These circumstances do not lead to modification of the audit opinion.

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 the 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.

Dilovar Sherov

Director / Partner
LLC KRESTON



License No. 0000066 issued by
the National bank of Tajikistan and
License No. 0000131 issued by
the Ministry of Finance of the Republic of Tajikistan

March 31, 2020
Dushanbe, the Republic of Tajikistan

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CJSC “INTERNATIONAL BANK OF TAJIKISTAN”

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2019	For the year ended December 31, 2018
BANKING ACTIVITY			
Interest income	4	28,015	23,361
Interest expenses	4	<u>(9,370)</u>	<u>(7,411)</u>
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS TO CUSTOMERS	4	<u>18,645</u>	<u>15,950</u>
Recovery/(accrual)/ of allowance for expected credit losses on loans to customers	13	<u>2,847</u>	<u>(1,221)</u>
NET INTEREST INCOME		<u>21,492</u>	<u>14,729</u>
Commission income	5	<u>12,690</u>	<u>13,367</u>
RESULTS OF BANKING ACTIVITIES		<u>34,182</u>	<u>28,096</u>
LEASING ACTIVITY			
Interest income from finance lease	4	1,247	1,278
Accrual of allowance for expected credit losses on finance lease	14	<u>(5,571)</u>	<u>(119)</u>
RESULTS OF LEASING ACTIVITIES		<u>(4,324)</u>	<u>1,159</u>
INSURANCE ACTIVITY			
Income from insurance activities		5,988	6,948
Reinsurance benefit/(expenses)		<u>830</u>	<u>(3,478)</u>
RESULTS OF INSURANCE ACTIVITIES		<u>6,818</u>	<u>3,470</u>

CJSC "INTERNATIONAL BANK OF TAJIKISTAN"

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019 (CONTINUED)

(in thousands of Tajik somoni)


	Notes	For the year ended December 31, 2019	For the year ended December 31, 2018
OTHER ACTIVITIES			
Operating expenses	9	(29,757)	(22,134)
Net gain on foreign exchange transactions	6	16,005	6,946
Accrual of allowance for impairment losses and expected credit losses	7	(8,064)	(777)
Other income, net	8	285	1,196
RESULTS OF OTHER ACTIVITIES		(21,531)	(14,769)
PROFIT BEFORE INCOME TAX		15,145	17,956
Income tax	10	(4,466)	(4,354)
NET PROFIT		10,679	13,602
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		10,679	13,602
Attributable to:			
Shareholders of parent company		11,461	13,231
Non-controlling interest		(782)	371

On behalf of the Management of the Group:


Rajabov I. H.
Chairman

March 31, 2020
Dushanbe, the Republic of Tajikistan




Odinaev S. A.
Chief Accountant

March 31, 2020
Dushanbe, the Republic of Tajikistan

The notes on pages 12-63 form an integral part of the consolidated financial statements. The independent auditors' report is on pages 4-5.

CJSC "INTERNATIONAL BANK OF TAJIKISTAN"

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019 (in thousands of Tajik somoni)


	Notes	December 31, 2019	December 31, 2018
ASSETS:			
Cash and cash equivalents	11	83,822	127,803
Due from banks	12	144,850	124,990
Loans to customers	13	111,778	111,341
Financial leasing issued to customers	14	11,077	7,234
Investments at fair value through other comprehensive income		13	13
Long-term assets held for sale	15	12,136	3,405
Property and equipment	16	22,684	21,863
Right-of-use assets	17	6,991	-
Intangible assets	18	6,648	7,076
Deferred tax assets	10	2,977	276
Other assets	19	5,335	8,218
TOTAL ASSETS		408,311	412,219
LIABILITIES AND EQUITY:			
LIABILITIES:			
Customer accounts	20	266,248	214,520
Due to banks and financial institutions	21	4,562	75,891
Borrowings	22	2,906	1,886
Lease liabilities	17	7,005	-
Other liabilities	23	4,343	7,002
		285,064	299,299
EQUITY:			
Share capital	24	104,500	94,500
General reserves		3,532	3,306
General reserve for performing loans to customers		984	1,212
Retained earnings		14,146	12,683
Non-controlling interest		85	1,219
		123,247	112,920
TOTAL LIABILITIES AND EQUITY		408,311	412,219

On behalf of the Management of the Group:


Rajabov I. H.
Chairman

March 31, 2020
Dushanbe, the Republic of Tajikistan




Odinaev S. A.
Chief Accountant

March 31, 2020
Dushanbe, the Republic of Tajikistan

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CJSC "INTERNATIONAL BANK OF TAJIKISTAN"

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019 (in thousands of Tajik somoni)

	Notes	Share capital	General reserve for performing loans to customers	General reserves	Retained earnings	Non-controlling interest	Total capital
Balance at January 1, 2018	24	84,847	-	2,144	11,479	848	99,318
Transactions with owners							
Increase of share capital	24	9,653	-	-	(9,653)	-	-
Transfer to the general reserves		-	-	1,162	(1,162)	-	-
Transfer to general reserve for performing assets	13	-	1,212	-	(1,212)	-	-
Total of transactions with owners			1,212	1,162	(12,027)	-	-
Profit for the year		-	-	-	13,231	371	13,602
Total comprehensive income					13,231	371	13,602
Balance at December 31, 2018	24	94,500	1,212	3,306	12,683	1,219	112,920
Transactions with owners							
Increase of share capital		10,000	-	-	(10,000)	-	-
Transfer to the general reserves		-	-	226	(226)	-	-
Transfer to general reserve for performing assets	13	-	(228)	-	228	-	-
Dividends declared		-	-	-	-	(352)	(352)
Total of transactions with owners		10,000	(228)	226	(9,998)	(352)	(352)
Profit for the year		-	-	-	11,461	(782)	10,679
Total comprehensive income		-	-	-	11,461	(782)	10,679
Balance at December 31, 2019	24	104,500	984	3,532	14,146	85	123,247

On behalf of the Management of the Group:



Rajabov I.A.
Chairman

March 31, 2020

Dushanbe, the Republic of Tajikistan

Oдинаев С.А.
Chief Accountant

March 31, 2020

Dushanbe, the Republic of Tajikistan

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CJSC “INTERNATIONAL BANK OF TAJIKISTAN”

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2019	For the year ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax expenses		15,145	17,956
Adjustments for:			
Change in allowance for expected credit losses on loans to customers	13	(2,847)	1,221
Change in allowance for expected credit losses on financial leasing issued to customers	14	5,571	119
Change in expected credit losses allowance for due from banks	7	8	187
Change in expected credit losses allowance for money transfer systems	7	(4)	(8)
Change in expected credit losses allowance for interbank placements	7	74	28
Depreciation of property and equipment and amortization of intangible assets	16,18	4,301	2,052
Amortization of Right-of-use assets	17	1,973	-
Change in allowance for impairment of long-term assets, held for sale	7	1,935	413
Change in allowance for impairment losses on accounts receivable	7	6,051	157
Change in provision for unused vacation	9	(21)	414
Loss on disposal of property and equipment	8	749	44
Forex exchange differences	6	(1,984)	(1,296)
Interest income, net	4	(19,892)	(17,228)
Cash flows before changes in operating assets and liabilities		11,059	4,059
Changes in operating assets and liabilities			
(Increase)/decrease in due from banks		(557)	5,843
Decrease/(increase) in loans to customers		3,474	(27,191)
Increase in financial leasing issued to customers		(9,197)	(2,955)
Increase in long-term assets, held for sale		(10,666)	(4,720)
Increase in other assets		(2,170)	(5,518)
Increase in customer accounts		45,483	43,765
(Decrease)/increase in due to banks and financial institutions		(71,720)	51,183
Decrease in financial instruments at fair value through profit or loss		-	(135)
Decrease in other liabilities		(9,730)	(1,712)
Cash (outflow)/inflow from operating activities before income tax and interest		(44,024)	62,619
Interest received		28,934	25,942
Interest paid		(8,099)	(3,332)
Income tax paid		(4,832)	(3,762)
Net cash (outflow)/inflow from operating activities		(28,021)	81,467

CJSC "INTERNATIONAL BANK OF TAJIKISTAN"

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019 (CONTINUED) (in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2019	For the year ended December 31, 2018
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets	16,18	(1,806)	(10,739)
Proceeds from disposal property and equipment		459	21
Purchase of investments		-	(13)
Net cash outflow from investing activities		(1,347)	(10,731)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		969	943
Dividends paid	24	(352)	-
Payment of lease liabilities		(1,959)	-
Net cash (outflow)/inflow from financing activities		(1,342)	943
Effect of changes in exchange rates on cash in foreign currency	6	1,439	132
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(30,710)	71,679
CASH AND CASH EQUIVALENTS, at the beginning of the year	11	235,541	163,730
CASH AND CASH EQUIVALENTS, at the end of the year	11	206,270	235,541


During 2018, the Group has reclassified the long term assets held for sale to the category of property and equipment in the amount of 1,059 thousand somoni.

On behalf of the Management of the Group:


Rajabov I. H.
Chairman

March 31, 2020
Dushanbe, the Republic of Tajikistan




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