

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, 2020 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, 2020, 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 14 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 1,471 thousand somoni and allowance calculated in accordance with National Bank of Tajikistan amounted to 425 thousand somoni, respectively.

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.

Khayrulloev Firdavs

Director
Auditor's license of the Republic of Tajikistan
License No. 0000115, issued by
the National Bank of the Republic of Tajikistan
from 22.01.2020.

LLC Baker Tilly Tajikistan
License No. 0000063 issued by
the National Bank of the Republic of Tajikistan
from 28.12.2016.

April 27, 2021
Dushanbe, the Republic of Tajikistan



CJSC “INTERNATIONAL BANK OF TAJIKISTAN”

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

(in thousands of Tajik somoni)

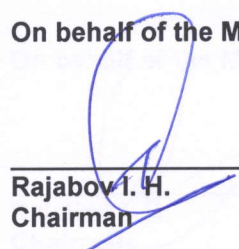
	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
BANKING ACTIVITY			
Interest income	4	29,831	28,015
Interest expenses	4	<u>(10,127)</u>	<u>(9,370)</u>
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS TO CUSTOMERS	4	<u>19,704</u>	<u>18,645</u>
Recovery/(accrual)/ of allowance for expected credit losses on loans to customers	14	<u>(1,207)</u>	<u>2,847</u>
NET INTEREST INCOME		<u>18,497</u>	<u>21,492</u>
Commission income	5	<u>11,557</u>	<u>12,690</u>
RESULTS OF BANKING ACTIVITIES		<u>30,054</u>	<u>34,182</u>
LEASING ACTIVITY			
Interest income from finance lease	4	879	1,247
Accrual of allowance for expected credit losses on finance lease	15	<u>5,858</u>	<u>(5,571)</u>
RESULTS OF LEASING ACTIVITIES		<u>6,737</u>	<u>(4,324)</u>
INSURANCE ACTIVITY			
Income from insurance activities		4	5,988
Reinsurance benefit/(expenses)		<u>-</u>	<u>830</u>
RESULTS OF INSURANCE ACTIVITIES		<u>4</u>	<u>6,818</u>

CJSC "INTERNATIONAL BANK OF TAJIKISTAN"


CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020 (CONTINUED) (in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
OTHER ACTIVITIES			
Operating expenses	9	(34,727)	(29,757)
Net gain on foreign exchange transactions	6	18,266	16,005
Accrual of allowance for impairment losses and expected credit losses	7	(1,857)	(8,064)
Other income, net	8	1,172	285
RESULTS OF OTHER ACTIVITIES		(17,146)	(21,531)
PROFIT BEFORE INCOME TAX		19,649	15,145
Income tax	10	(5,778)	(4,466)
NET PROFIT		13,871	10,679
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		13,871	10,679
Attributable to:			
Shareholders of parent company		13,571	11,461
Non-controlling interest		300	(782)

On behalf of the Management of the Group:


Rajabov I. H.
Chairman

April 27, 2021
Dushanbe, the Republic of Tajikistan


Odinaev S. A.
Chief Accountant

April 27, 2021
Dushanbe, the Republic of Tajikistan

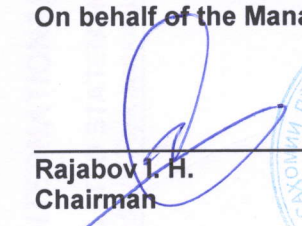
The notes on pages 12-62 form an integral part of the consolidated financial statements. The independent auditors' report is on pages 4-5.

CJSC "INTERNATIONAL BANK OF TAJIKISTAN"

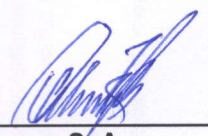
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020 (in thousands of Tajik somoni)

	Notes	December 31, 2020	December 31, 2019
ASSETS:			
Cash and cash equivalents	11	180,802	83,822
Obligatory reserves in the National Bank of Tajikistan	12	17,962	17,342
Due from banks	13	257,999	144,850
Loans to customers	14	157,201	111,778
Financial leasing issued to customers	15	11,436	11,077
Held-to-maturity investments		5,957	-
Investments at fair value through other comprehensive income		16	13
Long-term assets held for sale	16	4,311	12,136
Property and equipment	17	23,611	22,684
Right-of-use assets	18	8,662	6,991
Intangible assets	19	8,816	6,648
Deferred tax assets	10	1,023	2,977
Other assets	20	11,456	5,335
TOTAL ASSETS		689,252	408,311
LIABILITIES AND EQUITY:			
LIABILITIES:			
Customer accounts	21	465,177	266,248
Due to banks and financial institutions	22	48,285	4,562
Borrowings	23	33,390	2,906
Lease liabilities	18	9,422	7,005
Other liabilities	24	9,417	4,343
		565,691	285,064
EQUITY:			
Share capital	25	104,500	104,500
General reserves		3,921	3,532
General reserve for performing loans to customers		325	984
Retained earnings		14,486	14,146
Non-controlling interest		329	85
		123,561	123,247
TOTAL LIABILITIES AND EQUITY		689,252	408,311

On behalf of the Management of the Group:


Rajabov I. H.
Chairman

April 27, 2021
Dushanbe, the Republic of Tajikistan


Odinaev S. A.
Chief Accountant

April 27, 2021
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, 2020 (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, 2019	25	94,500	1,212	3,306	12,683	1,219	112,920
Transactions with owners							
Increase of share capital	25	10,000	-	-	(10,000)	-	-
Transfer to the general reserves		-	-	226	(226)	-	-
Transfer to general reserve for performing loans		-	(228)	-	228	-	-
Declared dividends		-	-	-	-	(352)	(352)
Total of transactions with owners		10,000	(228)	226	(9,998)	(352)	(352)
Profit for the year		-	-	-	11,461	(782)	10,679
Balance at December 31, 2019	25	104,500	984	3,532	14,146	85	123,247
Transactions with owners							
Increase of share capital		-	-	-	-	-	-
Transfer to the general reserves		-	-	389	(389)	-	-
Transfer to general reserve for performing loans		-	(659)	-	659	-	-
Dividends declared		-	-	-	(13,501)	(56)	(13,557)
Total of transactions with owners		-	(659)	389	(13,231)	(56)	(13,557)
Profit for the year		-	-	-	13,571	300	13,871
Balance at December 31, 2020		104,500	325	3,921	14,486	329	123,561

On behalf of the Management of the Group:

Rajabov I. H.
Chairman

Odiraev S. A.
Chief Accountant

April 27, 2021

Dushanbe, the Republic of Tajikistan

April 27, 2021

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, 2020

(in thousands of Tajik somoni)


	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax expenses		19,649	15,145
Adjustments for:			
Change in allowance for expected credit losses on loans to customers	14	1,207	(2,847)
Change in allowance for expected credit losses on financial leasing issued to customers	15	(5,858)	5,571
Change in expected credit losses allowance for due from banks	7	1,506	8
Change in expected credit losses allowance for money transfer systems	7	-	(4)
Change in expected credit losses allowance for interbank placements	7	(70)	74
Depreciation of property and equipment and amortization of intangible assets	17,19	4,217	4,301
Amortization of Right-of-use assets	18	2,181	1,973
Change in allowance for impairment of long-term assets, held for sale	7	6,070	1,935
Change in allowance for impairment losses on accounts receivable	7	(5,649)	6,051
Change in provision for unused vacation	9	(27)	(21)
Loss on disposal of property and equipment	8	1,089	749
Forex exchange differences	6	(8,202)	(1,984)
Interest income, net	4	(20,583)	(19,892)
Cash flows before changes in operating assets and liabilities		(4,470)	11,059
Changes in operating assets and liabilities			
(Increase) / decrease in operating assets:			
Due from banks		(19,343)	(557)
Loans to customers		(69,254)	3,474
Financial leasing issued to customers		5,219	(9,197)
Long-term assets, held for sale		1,755	(10,666)
Other assets		892	(2,170)
Increase / (decrease) in operating liabilities			
Customer accounts		216,402	45,483
Due to banks and financial institutions		(5,688)	(71,720)
Financial instruments at fair value through profit or loss		(3)	-
Due to banks		43,987	-
Other liabilities		1,978	(9,730)
Cash (outflow)/inflow from operating activities before income tax and interest		171,475	(44,024)
Interest received		38,700	28,934
Interest paid		(3,129)	(8,099)
Income tax paid		(2,083)	(4,832)
Net cash inflow/(outflow) from operating activities		204,963	(28,021)

CJSC "INTERNATIONAL BANK OF TAJIKISTAN"


CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020 (CONTINUED) (in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets	17,19	(6,089)	(1,806)
Proceeds from disposal property and equipment		1,088	459
Net cash outflow from investing activities		(5,001)	(1,347)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		30,000	969
Dividends paid	25	(13,557)	(352)
Payment of lease liabilities	18	(1,435)	(1,959)
Net cash inflow / (outflow) from financing activities		15,008	(1,342)
Effect of changes in exchange rates on cash in foreign currency	6	7,109	1,439
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		214,970	(30,710)
CASH AND CASH EQUIVALENTS, at the beginning of the year	11	206,270	235,541
CASH AND CASH EQUIVALENTS, at the end of the year	11	428,349	206,270

On behalf of the Management of the Group:


Rajabov I. H.
Chairman

April 27, 2021
Dushanbe, the Republic of Tajikistan


Odinaev S. A.
Chief Accountant

April 27, 2021
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