CLOSED JOINT-STOCK COMPANY SPITAMEN BANK

Financial Statements
and Independent Auditor's Report
For The Year Ended 31 December 2016

Deloitte & Touche, LLC
24a, Ayni Street, office 307,
Business Center S.A.S.,
Dushanbe, 734012
Republic of Tajikistan

Tel.: +992 (44) 600 62 00
Fax: +992 (44) 600 62 01
deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Supervisory Board of Closed Joint-Stock Company Spitamen Bank:

Opinion

We have audited the financial statements of CJSC Spitamen Bank ("the Bank"), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other 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 31 December 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 (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the 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 Matter

As discussed in Notes 2 and 28 to the financial statements, as at 31 December 2016, the Bank had not complied with one coefficient set by Instruction #176 of the National Bank of Tajikistan "On regulation of lending organisations operations". These events may result in sanctions being applied by the National Bank of Tajikistan in its capacity as a regulator. Management's plans concerning these matters are also discussed in Note 2 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.

We draw attention to Note 6 to the financial statements which describes the restatement of corresponding figures for the year ended 31 December 2015. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of Closed Joint-Stock Company Spitamen Bank for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 20 June 2016.

As part of our audit of the 2016 financial statements, we also audited the adjustments described in Note 6 that were applied to amend the 2015 corresponding figures. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of Closed Joint-Stock Company Spitamen Bank other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements taken as a whole.

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Responsibilities of Management and Those Charged with Governance 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 the 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 are 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, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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.

Gulanor Atobek
Audit Director
(qualification certificate № 0000113 dated 4 December 2013,
Issued by the Ministry of Finance of the Republic of Tajikistan)

Deloitte & Touche, LLC
License on auditing in the Republic of Tajikistan BMN№ 0000106 dated 13 May 2017, issued by the Ministry of Finance of the Republic of Tajikistan.

License on auditing of financial institutions in the Republic of Tajikistan
БМТN№ 0000019 dated 08 January 2014, issued by the National Bank of Tajikistan.

31 August 2017
Dushanbe, Republic of Tajikistan

CLOSED JOINT-STOCK COMPANY SPITAMEN BANK

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016
In thousands of Tajik Somoni

	Notes	Year ended 31 December 2016	Year ended 31 December 2015 Restated*
Interest income	7, 29	43,481	38,403
Interest expense	7, 29	(26,097)	(36,339)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		**17,384**	**2,064**
Recovery of provision/(provision) for impairment losses on interest bearing assets	8	20,289	(37,839)
NET INTEREST INCOME		**37,673**	**(35,775)**
Net gain on foreign exchange operations	9	12,466	34,379
Fee and commission income	10	5,649	6,957
Fee and commission expense	10	(2,771)	(630)
Other (expense)/income		(658)	1
NET NON-INTEREST INCOME		**14,686**	**40,707**
OPERATING INCOME		**52,359**	**4,932**
OPERATING EXPENSES	11, 29	(36,560)	(24,242)
PROFIT BEFORE OTHER OPERATING PROVISIONS		**15,799**	**19,310**
Provision for impairment losses on other transactions	8	(2,066)	-
PROFIT/(LOSS) BEFORE INCOME TAX		**13,733**	**(19,310)**
Income tax expense	12	(2,502)	(3,050)
PROFIT/(LOSS) FOR THE YEAR		**11,231**	**(22,360)**
Other comprehensive income			
Net gain on revaluation of investments available-for-sale		613	-
Deferred tax on revaluation of investments available-for-sale		(141)	-
Net gain on revaluation of property and equipment		-	16,392
TOTAL COMPREHENSIVE PROFIT/(LOSS)		**11,703**	**(5,968)**

* Please, refer to Note 6 to the financial statements.

On behalf of the Management Board:

Saidmurodov Niyozmurod
Chairman

Karomatullo Bobiev
Chief Accountant

31 August 2017
Dushanbe, Republic of Tajikistan

The accompanying notes on pages 10-55 form integral part of these financial statements.

CLOSED JOINT-STOCK COMPANY SPITAMEN BANK

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
In thousands of Tajik Somoni

	Notes	31 December 2016	31 December 2015 Restated*	1 January 2015 Restated*
ASSETS:				
Cash and balances with the National Bank of Tajikistan	13	202,429	303,439	205,391
Due from banks and other financial institutions	14	205,249	181,600	1,611
Loans to customers	15, 29	178,566	146,347	138,711
Investments available-for-sale	16, 29	1,536	923	714
Held to maturity securities	17	60,000	8,974	-
Current income tax assets	12	3,126	2,244	-
Property and equipment	18	48,258	47,585	22,939
Intangible assets	19	18,927	17,142	9,331
Non-current assets held for sale	20	23,053	4,401	1,382
Other assets	21	6,994	5,353	381
TOTAL ASSETS		**748,138**	**718,008**	**380,460**
LIABILITIES AND EQUITY				
LIABILITIES:				
Due to banks and other financial institutions	22	1,103	51,424	3
Customer accounts	23, 29	429,908	319,654	52,227
Borrowings	24, 29	227,698	278,884	246,595
Deferred tax liabilities	12	141	-	-
Subordinated debt	25, 29	7,902	-	-
Other liabilities	26	2,036	399	5,171
Total liabilities		**668,788**	**650,361**	**303,996**
EQUITY:				
Share capital	27	66,622	66,622	53,622
Accumulated deficit		(2,989)	(15,367)	-
Reserve on revaluation of property and equipment	18	15,245	16,392	-
Investments available-for-sale revaluation reserve		472	-	22,842
Total equity		**79,350**	**67,647**	**76,464**
TOTAL LIABILITIES AND EQUITY		**748,138**	**718,008**	**380,460**

* Please, refer to Note 6 to the financial statements.

On behalf of the Management Board:

Saidmurodov Niyozmurod
Chairman

Karomatullo Bobiev
Chief Accountant

31 August 2017
Dushanbe, Republic of Tajikistan

The accompanying notes on pages 10-55 form integral part of these financial statements.

CLOSED JOINT-STOCK COMPANY SPITAMEN BANK

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016
In thousands of Tajik Somoni

	Share Capital	Reserve on revaluation of property and equipment	Investments available-for-sale revaluation reserve	Retained earnings / (accumulated deficit)	Total
As at 31 December 2014	**53,622**	-	-	22,842	**76,464**
Issue of share capital	13,000	-	-	(13,000)	-
Dividends paid		-	-	(2,849)	**(2,849)**
Net loss and other comprehensive income	-	16,392	-	(22,360)	**(5,968)**
As at 31 December 2015 - Restated*	**66,622**	**16,392**	-	**(15,367)**	**67,647**
Transfer of revaluation reserve to retained earnings	-	(1,147)	-	1,147	-
Net profit and other comprehensive income	-	-	472	11,231	**11,703**
As at 31 December 2016	**66,622**	**15,245**	**472**	**(2,989)**	**79,350**

* Please, refer to Note 6 to the financial statements.

On behalf of the Management Board:

Saidmurodov Niyozmurod
Chairman

Karomatullo Bobiev
Chief Accountant

31 August 2017
Dushanbe, Republic of Tajikistan

The accompanying notes on pages 10-55 form integral part of these financial statements.

CLOSED JOINT-STOCK COMPANY SPITAMEN BANK

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016
In thousands of Tajik Somoni

	Notes	Year ended 31 December 2016	Year ended 31 December 2015 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(loss) before income tax		13,733	(19,310)
Adjustments for:			
Depreciation and amortization expenses	11	5,843	2,386
Change in accrued interest		14	(1,894)
Unrealised exchange loss	9	(24)	90,168
Recovery of provision/(provisions) against loans to customers	8	(20,289)	37,839
Provisions against other operations	8	2,066	-
Loss on disposal of non-current assets held for sale		936	-
Loss from disposal of property and equipment		441	6
Cash inflow from operating activities before changes in operating assets and liabilities		2,720	109,195
Changes in operating assets and liabilities			
Decrease/(increase) in operating assets:			
Restricted balances with National Bank of Tajikistan		(14,004)	(9,313)
Due from banks and other financial institutions		15,823	(179,946)
Loans to customers		(39,993)	(52,023)
Other assets		(3,370)	(4,972)
(Decrease)/Increase in operating liabilities			
Due to banks and other financial institutions		(50,321)	51,421
Customer accounts		110,288	267,427
Other liabilities		1,637	1,162
Cash inflow from operating activities before taxation		22,780	182,951
Income tax paid		(3,384)	(5,588)
Dividends paid		-	(2,849)
Net cash inflow from operating activities		19,396	174,514
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed assets		(5,064)	(9,775)
Purchases of intangible assets		(3,678)	(8,533)
Proceeds from non-current assets held for sale		8,100	-
Purchase of investments held to maturity		(60,000)	(8,974)
Purchase of investments available for sale		-	(209)
Proceeds from matured investments held to maturity		8,974	-
Net cash used in investing activities		(51,668)	(27,491)

The accompanying notes on pages 10-55 form integral part of these financial statements.

CLOSED JOINT-STOCK COMPANY SPITAMEN BANK

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016
In thousands of Tajik Somoni

	Notes	Year ended 31 December 2016	Year ended 31 December 2015 Restated*
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		-	105,476
Repayment of borrowings		(51,186)	-
Proceeds from subordinated debt		7,900	-
Net cash outflow from financing activities		(43,286)	105,476
Effect of exchange rate changes on the balance of cash held in foreign currencies		24	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(75,534)**	**252,499**
CASH AND CASH EQUIVALENTS, beginning of year	**13**	**454,038**	**201,539**
CASH AND CASH EQUIVALENTS, end of year	**13**	**378,504**	**454,038**

* Please, refer to Note 6 to the financial statements.

During the year ended 31 December 2016, interest received and paid by the Bank amounted to 43,527 thousand Somoni and 26,129 thousand Somoni, respectively.

During the year ended 31 December 2015, interest received and paid by the Bank amounted to 36,450 thousand Somoni and 36,280 thousand Somoni, respectively.

On behalf of the Management Board:

Saidmurodov Niyozmurod
Chairman

Karomatullo Bobiev
Chief Accountant

31 August 2017
Dushanbe, Republic of Tajikistan

The accompanying notes on pages 10-55 form integral part of these financial statements.