

Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the year ended 31 December 2019

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, is made with a view to distinguish the respective responsibilities of management of CJSC "Spitamen Bank" (hereinafter "Bank") and those of independent auditor in relation to the Bank's financial statements.

Management of the Bank is responsible for preparation of the financial statements that presents fairly the financial position of the Bank as at 31 December 2019, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

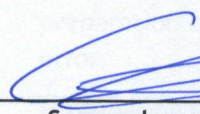
In preparing the financial statements management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Stating whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Preparing the financial statements on going concern basis, unless it is inappropriate to presume that the Bank will continue business in the foreseeable future.

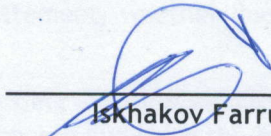
Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, through out the Bank;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Bank and which enable them to ensure that the financial statements of the Bank comply with IFRSs;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Tajikistan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Bank; and
- Detecting and preventing fraud and other irregularities.

On behalf of the Management


Samandarzoda Navruz
Chairman




Iskhakov Farrukh
Chief accountant



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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Supervisory Board of Closed Joint 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 2019, 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 2019, 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* (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

Revaluation of property- we draw your attention to the note 33 of the financial statements, which describes the revaluation of property as at 31 December 2019.

Events after the reporting date - we draw your attention to the note 34 of the financial statements, which describes a significant change in foreign exchange rates, in particular the US dollar and the Euro, which play an important role in assessing the economic performance of many types of activities in the Republic of Tajikistan.

Our opinion is not modified in respect of these matters.

Other matter

The financial statements of the Bank for the year ended 31 December 2018 were audited by another auditor, who due to the inability to obtain sufficient and appropriate audit evidence that the carrying amount of property and equipment do not materially differ from their fair value as at 31 December 2018, issued a "qualified opinion" on those financial statements on 28 August 2020.

Responsibilities of the 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.

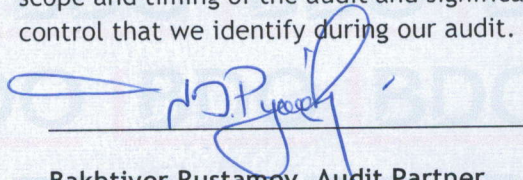
Auditor's Responsibilities for the Audit of the Financial Statements

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.

We communicate with those charged with the 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.



Bakhtiyor Rustamov, Audit Partner

License on auditing of financial institution
in the Republic of Tajikistan dated 21 June 2017
issued by the National Bank of Tajikistan

Qualification certificate of auditor
№56 dated 8 January 2014 issued
by National Bank of Tajikistan
Dushanbe:



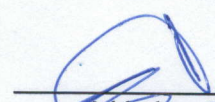
CLOSED JOINT STOCK COMPANY "SPITAMEN BANK"
 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019
 (in thousand tajik somoni)

	Notes	31-Dec-19	31-Dec-18
ASSETS			
Cash and balances with the National Bank of Tajikistan	6	223,360	385,842
Due from banks and other financial institutions	7	93,380	39,486
Loans to customers	8	281,465	210,445
Income tax assets	27	1,504	414
Investment securities	9	64	19,919
Property and equipment	10	40,468	27,953
Assets held for sale	11	7,148	14,885
Intangible assets	12	16,564	17,928
Other assets	13	19,662	14,872
TOTAL ASSETS		683,615	731,744
LIABILITIES			
Due to banks and other financial institutions	14	3,819	5,683
Customer accounts	15	277,795	365,416
Borrowings	16	283,276	261,693
Other liabilities	17	16,632	3,703
Subordinated debt	18	25,226	22,987
TOTAL LIABILITIES		606,748	659,482
EQUITY			
Share capital	19	66,622	66,622
Revaluation reserve	33	6,152	1,301
Retained earnings		4,093	4,339
TOTAL EQUITY		76,867	72,262
TOTAL LIABILITY AND EQUITY		683,615	731,744

The accompanying notes on pages 10 to 67 are an integral part of these financial statements.

On behalf of the Management


 Samandarzoda Navruz
 Chairman


 Iskhakov Farrukh
 Chief accountant

CLOSED JOINT STOCK COMPANY "SPITAMEN BANK"
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2019
 (in thousand tajik somoni)

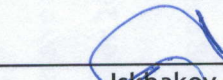
	Notes	For the year ended 31 December 2019	For the year ended 31 December 2018
Interest income	20	46,042	44,895
Interest expense	21	(29,144)	(24,170)
NET INTEREST INCOME BEFORE (PROVISION) / RECOVERY OF PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		16,898	20,725
(Provision)/recovery of provision for impairment losses on interest bearing assets	22	(1,526)	18,511
NET INTEREST INCOME		15,372	39,236
Net gain on foreign exchange operations	23	25,221	30,931
Fee and commission income	24	16,662	12,252
Fee and commission expense	24	(9,977)	(8,976)
Other expenses	25	(994)	(2,310)
NET NON-INTEREST INCOME		30,913	31,897
OPERATING INCOME		46,285	71,133
Operating expenses	26	(44,919)	(41,076)
PROFIT BEFORE OTHER OPERATING PROVISIONS		1,366	30,057
(Provision)/recovery of provision for impairment losses on other transactions	22	912	(2,920)
PROFIT BEFORE INCOME TAX		2,278	27,137
Income tax benefit/(expense)	27	(2,615)	372
NET PROFIT/(LOSS)		(337)	27,509
Other comprehensive income	33	4,942	-
TOTAL COMPREHENSIVE INCOME		4,605	27,509

The accompanying notes on pages 10 to 67 are an integral part of these financial statements.

On behalf of the Management

 Samandarzoda Navruz
 Chairman




 Iskhakov Farrukh
 Chief accountant

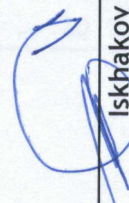
CLOSED JOINT STOCK COMPANY "SPITAMEN BANK"
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
(in thousand tajik somoni)

	Share capital	Revaluation reserve	Retained earnings/(accumulated deficit)	TOTAL
As at 31 December 2017	66,622	1,398	7,685	75,705
1 January 2018 (before adjustments)	66,622	1,398	7,685	75,705
Adjustment on initial application of IFRS 9	-	-	(30,952)	(30,952)
1 January 2018 (after adjustments)	66,622	1,398	(23,267)	44,753
Transfer of revaluation reserve to retained earnings	-	(97)	97	-
Total comprehensive income	-	-	27,509	27,509
As at 31 December 2018	66,622	1,301	4,339	72,262
Transfer of revaluation reserve to retained earnings	-	(91)	91	-
Profit for the year	-	-	(337)	(337)
Other comprehensive income	-	4,942	-	4,942
As at 31 December 2019	66,622	6,152	4,093	76,867

The accompanying notes on pages 10 to 67 are an integral part of these financial statements.


Samandarzoda Navruz
Chairman

On behalf of the Management


Iskhakov Farrukh
Chief accountant

CLOSED JOINT STOCK COMPANY "SPITAMEN BANK"
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2019
 (in thousand tajik somoni)

	Notes	For the year ended 31 December 2019	For the year ended 31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		2,278	27,137
<i>Adjustments for:</i>			
Depreciation and amortization of property and equipment, intangible assets and right of use assets	10	7,209	6,771
Change in accrued interest		178	817
Unrealized exchange loss	23	1,646	(381)
(Recovery)/ accrual of provision for impairment losses on interest bearing assets	22	1,526	(18,511)
(Recovery)/ accrual of provision for impairment losses on other transactions	22	(912)	2,920
Loss on disposal of non-current assets held for sale	25	1,252	2,394
Loss/(gain) on disposal of property and equipment	25	74	(26)
Cash inflow from operating activities before changes in operating assets and liabilities		13,251	21,121
Changes in operating assets and liabilities			
<i>(Increase)/decrease in operating assets:</i>			
Obligatory reserve with the National Bank of Tajikistan		16,750	17,205
Due from banks and other financial institutions		(1,891)	1,145
Loans to customers		(71,777)	(9,972)
Other assets		(9,463)	(8,543)
<i>Increase/(decrease) in operating liabilities</i>			
Due to banks and other financial institutions		(2,314)	(4,395)
Customer accounts		(93,944)	(275,449)
Other liabilities		4,845	(130)
Cash (outflow)/inflow from operating activities before taxation		(144,544)	(259,018)
Income tax paid		(3,704)	(3,342)
Net cash outflow from operating activities		(148,248)	(262,360)

CLOSED JOINT STOCK COMPANY "SPITAMEN BANK"
 STATEMENT OF CASH FLOWS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2019
 (in thousand tajik somoni)

	For the year ended 31 December 2019	For the year ended 31 December 2018
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(4,987)	(3,758)
Purchase of intangible assets	(625)	(4,365)
Proceeds from sale of non-current assets held for sale	11,934	16,064
Purchase of investment securities at amortized cost	(533,000)	(782,130)
Proceeds from investment securities at amortized cost	552,907	839,723
Purchase of investment securities at FVTOCI	(27)	-
Proceeds from disposal of property and equipment	1,274	277
Net cash inflow from investing activities	27,476	65,811
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from subordinated debt	-	5,654
Proceeds from borrowings	20,000	47,102
Repayment of borrowings	(5,296)	(47,183)
Repayment of lease liabilities	(1,181)	-
Net cash inflow from financing activities	13,523	5,573
Effect of exchange rate differences on the balance of cash and cash equivalents held in foreign currencies	12,816	40,340
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(94,432)	(150,636)
CASH AND CASH EQUIVALENTS, beginning of year	399,461	550,097
CASH AND CASH EQUIVALENTS, end of the year	305,029	399,461


During the year ended 31 December 2019, interest received and paid by the Bank amounted to 45,746 (2018:43,775) thousand TJS and 28,670 (2018:24,473) thousand TJS, respectively.

The accompanying notes on pages 10 to 67 are an integral part of these financial statements.


 Samandarzoda Navruz
 Chairman



On behalf of the Management


 Iskhakov Farrukh
 Chief accountant