

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders, Supervisory Board and the Management of the Close Joint Stock Company  
“International Bank of Tajikistan”

### **Opinion**

We have audited the accompanying consolidated financial statements of the Close Joint Stock Company “International Bank of Tajikistan” and its subsidiaries 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, 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (the “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 Auditor’s 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 15 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 Group of Tajikistan (the “NBT”). As of December 31, 2021 and 2020 The calculated allowance for expected credit losses on loans to customers portfolio in accordance with IFRS 9 amounted to 2,757 thousand somoni and 1,471 thousand somoni, respectively, and allowance calculated in accordance with National Group of Tajikistan amounted to 2,724 thousand somoni and 1,795 thousand somoni., respectively.

We draw your attention to the Note 18 of consolidated financial statements, which disclose the long-term assets held for sale of the Group. As of December 31, 2021 the long-term assets held for sale comprise of real estate and jewelry transferred to possession of the Group. Total amount of jewelry is 1,858 thousand somoni and Group accrued 100% of the provisions for these assets.

### **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 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.

Firdavs Khayrulloev

Director

License of auditor of Republic of Tajikistan  
№ 0000115, issued by  
National bank of Tajikistan  
from 22.01.2020



Baker Tilly Tajikistan LLC  
License № 000014 for audit of banking activities and  
License № 0000005 for audit of insurance activities,  
issued by National bank of Tajikistan

April 20, 2022  
Dushanbe, Republic of Tajikistan

**CLOSE JOINT STOCK COMPANY “INTERNATIONAL BANK OF TAJIKISTAN”****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2021***(in thousands of Tajik somoni)*

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>BANKING ACTIVITY</b>			
Interest income	4	48,068	29,831
Interest expenses	4	<u>(21,490)</u>	<u>(10,127)</u>
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES ON LOANS TO CUSTOMERS		<u>26,578</u>	<u>19,704</u>
Accrual of allowance for expected credit losses on loans to customers	15	<u>(1,351)</u>	<u>(1,207)</u>
NET INTEREST INCOME	4	<u>25,227</u>	<u>18,497</u>
Commission income	5	<u>23,305</u>	<u>11,557</u>
RESULTS OF BANKING ACTIVITIES		<u>48,532</u>	<u>30,054</u>
<b>LEASING ACTIVITY</b>			
Interest income from finance lease	4	672	879
Accrual of allowance for expected credit losses on finance lease	16	<u>(414)</u>	<u>5,858</u>
RESULTS OF LEASING ACTIVITIES		<u>258</u>	<u>6,737</u>
<b>INSURANCE ACTIVITY</b>			
Income from insurance activities	6	598	4
Reinsurance expenses		(276)	-
Claims paid	6	<u>(394)</u>	<u>-</u>
RESULTS OF INSURANCE ACTIVITIES		<u>(72)</u>	<u>4</u>



# CLOSE JOINT STOCK COMPANY "INTERNATIONAL BANK OF TAJIKISTAN"

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021 (in thousands of Tajik somoni)


	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>OTHER ACTIVITIES</b>			
Operating expenses	9	(47,699)	(34,646)
Net gain on foreign exchange transactions	7	10,683	18,266
Accrual of allowance for impairment losses and expected credit losses	8	6,753	(1,857)
Other income, net	10	1,580	1,172
		<u>(28,683)</u>	<u>(17,065)</u>
PROFIT BEFORE INCOME TAX		<u>20,035</u>	<u>19,730</u>
Income tax	11	<u>(5,144)</u>	<u>(5,458)</u>
NET PROFIT		<u>14,891</u>	<u>14,272</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		<u>14,891</u>	<u>14,272</u>
Attributable to:			
Shareholders of parent Company		14,879	13,991
Non-controlling interest		12	281

On behalf of the Management of the Bank:

  
Rajabov I. H.  
Chairman

April 20, 2022  
Dushanbe, the Republic of Tajikistan



  
Odinaev S. A.  
Chief Accountant

April 20, 2022  
Dushanbe, the Republic of Tajikistan

The notes on pages 10-58 form an integral part of the consolidated financial statements. The independent auditors' report is on pages 3-4.

# CLOSE JOINT STOCK COMPANY "INTERNATIONAL BANK OF TAJIKISTAN"

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

(in thousands of Tajik somoni)

	Notes	December 31, 2021	December 31, 2020
<b>ASSETS</b>			
Cash and cash equivalents	12	220,300	180,802
Obligatory reserve in the National bank of Tajikistan	13	36,165	17,962
Due from banks	14	309,541	257,999
Loans to customers	15	267,484	157,201
Financial leasing issued to customers	16	4,967	11,436
Investments in securities at amortized cost	17	5,275	5,957
Investments at fair value through other comprehensive income		16	16
Long-term assets held for sale	18	-	4,311
Property, plant and equipment	19	25,391	23,611
Right of use assets	20	9,434	8,662
Intangible assets	21	7,788	8,816
Deferred tax assets	11	1,140	1,023
Other assets	22	18,870	11,856
<b>TOTAL ASSETS</b>		<b>906,371</b>	<b>689,652</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>LIABILITIES:</b>			
Customer accounts	23	589,415	465,177
Due to banks and financial institutions	24	150,740	48,285
Borrowings	25	20,472	33,390
Lease liabilities	20	10,646	9,422
Other liabilities	26	10,086	9,416
		<b>781,359</b>	<b>565,690</b>
<b>EQUITY</b>			
Share capital	27	104,500	104,500
General reserves		3,921	3,921
General reserve for performing assets		325	325
Retained earnings		16,266	14,317
<b>Non-controlling Interest</b>		<b>-</b>	<b>899</b>
		<b>125,012</b>	<b>123,962</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>906,371</b>	<b>689,652</b>

On behalf of the Management of the Bank:

Rajabov J. H.

Chairman

April 20, 2022

Dushanbe, the Republic of Tajikistan

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Odinaev S. A.

Chief Accountant

April 20, 2022

Dushanbe, the Republic of Tajikistan



# **CLOSE JOINT STOCK COMPANY "INTERNATIONAL BANK OF TAJIKISTAN"**

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021 (in thousands of Tajik somoni)**

	Notes	Share capital	General reserve for performing loans	General reserves	Retained earnings	Non-controlling interest	Total:
Balance at December 31, 2019	27	104,500	984	3,532	13,557	674	123,247
<b>Transactions with owners</b>							
Transfer to the general reserves		-	-	389	(389)	-	-
Transfer to general reserve for performing assets		-	(659)	-	659	-	-
Declared dividends		-	-	-	(13,501)	(56)	(13,557)
<b>Total of transactions with owners</b>		-	(659)	389	(13,231)	(56)	(13,557)
Profit for the year		-	-	-	13,991	281	14,272
Balance at December 31, 2020	27	104,500	325	3,921	14,317	899	123,962
<b>Transactions with owners</b>							
Payment of non-controlling interest		-	-	-	-	(859)	(859)
Declared dividends		-	-	-	(12,930)	(52)	(12,982)
<b>Total of transactions with owners</b>		-	-	-	(12,930)	(911)	(13,841)
Profit for the year		-	-	-	14,879	12	14,891
Balance at December 31, 2021	27	104,500	325	3,921	16,266	-	125,012

**On behalf of the Management of the Bank:**

**Rajabov T. H.  
Chairman**

April 20, 2022

Dushanbe, the Republic of Tajikistan

**Odinaev S. A.  
Chief Accountant**

April 20, 2022

Dushanbe, the Republic of Tajikistan

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# CLOSE JOINT STOCK COMPANY “INTERNATIONAL BANK OF TAJIKISTAN”

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021 (in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit before income tax		20,035	19,730
Adjustments for:			
Change in allowance for expected credit losses on loans to customers	15	1,351	1,207
Change in allowance for expected credit losses on financial leasing issued to customers	16	414	(5,858)
Change in expected credit losses allowance for due from banks	8	146	1,506
Change in expected credit losses allowance for interbank placements	8	-	(70)
Depreciation of property and equipment and amortization of intangible assets		4,642	4,217
Amortization of Right-of-use assets		2,419	2,181
Change in allowance for impairment of long-term assets, held for sale	8	(6,851)	6,070
Change in allowance for impairment losses on accounts receivable	8	(48)	(5,649)
Change in provision for unused vacation	9	388	(27)
Loss on disposal of property and equipment	10	81	1,089
Income from disposal of property and equipment	10	(1,387)	(1,727)
Forex exchange differences	7	(3,944)	(8,202)
Interest income, net	4	(27,250)	(20,583)
Cash flows before changes in operating assets and liabilities		(10,004)	(6,116)
Changes in operating assets and liabilities:			
(Increase) / decrease in operating assets:			
Due from banks		(26,448)	(19,343)
Loans to customers		(109,537)	(69,254)
Financial leasing issued to customers		6,087	5,219
Investments in securities at amortized cost		696	(5,688)
Long-term assets, held for sale		11,162	1,755
Other assets		(7,660)	491
Increase / (decrease) in operating liabilities:			
Customer accounts		125,016	216,402
Due to banks and financial institutions		102,314	43,987
Financial instruments at fair value through profit or loss		-	(3)
Other liabilities		405	2,298
Inflow from operating activities before taxation and interest		92,031	169,748
Interest received		47,878	38,700
Interest paid		(21,443)	(3,129)
Income tax paid		(5,690)	(2,083)
Net cash inflow from operating activities		112,776	203,236

# CLOSE JOINT STOCK COMPANY "INTERNATIONAL BANK OF TAJIKISTAN"

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2021 (in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, equipment and intangible assets		(2,941)	(6,089)
Proceeds from disposal of property, equipment and intangible assets		2,621	2,815
Net cash outflow from investing activities		(320)	(3,274)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings		20,400	30,000
Payment of borrowings		(33,390)	-
Dividends paid	27	(12,982)	(13,557)
Buyout of non-controlling interest	27	(859)	-
Payment of lease liabilities	20	(1,967)	(1,435)
Net cash (outflow)/inflow from financing activities:		(28,798)	15,008
Effect of changes in exchange rates on cash and cash equivalents		(1,262)	7,109
NET INCREASE IN CASH AND CASH EQUIVALENTS		82,396	222,079
CASH AND CASH EQUIVALENTS, at the beginning of the year	12	428,349	206,270
CASH AND CASH EQUIVALENTS, at the end of the year	12	510,745	428,349

On behalf of the Management of the Bank:

  
**Rajabov I. H.**  
Chairman

April 20, 2022  
Dushanbe, the Republic of Tajikistan



  
**Odinaev S. A.**  
Chief Accountant

April 20, 2022  
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