



RSM Tajikistan

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Supervisory Board

Opinion

We have audited the accompanying financial statements of Open Joint–Stock Company “Sohibcorbank” (the “Bank”), which comprise the statement of financial position as of 31 December 2016, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2016 and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2016, and its financial performance and 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 within the meaning of the ethical requirements applicable to our audit of the financial statements and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter: Past due but not impaired loans

We draw attention to note 30.1.2 Risk limit control and mitigation policies to the financial statements. Disclosed in this note past due but not impaired loans comprise 4,477 thousand somoni, which as at 31 December 2016 have not been impaired in accordance with the requirements of the formation and use of the reserve for credit risks and fund of the covering of possible losses on loans established by the National Bank of Tajikistan. We do not express a modified opinion in respect of this issue.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 this financial statement.

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 statement, 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 Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, 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 Company'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 Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents 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.

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mulloev Bahrullo Sulaymonovich.

Bahrullo Mulloev
Managing partner
Specialist license on bank audit
BMT № 0000058 dated 31 December 2015

Maftunzhon Baratov
Audit manager
Specialist license on bank audit
BMT № 0000054 dated 31 December 2015

20 March 2017

RSM Tajikistan LLC
License of National Bank of Tajikistan
BMT № 0000054 dated 31 December 2015



STATEMENT OF FINANCIAL POSITION

In thousand Tajik somoni	Notes	31 December 2016	31 December 2015
ASSETS			
Cash and cash equivalents	7	63,290	52,568
Obligatory reserve in NBT	8	2,007	4,818
Amounts due from other financial institutions	9	513	14,326
Loans and advances to customers	10	29,956	57,234
Investments available for sale	11	35	429
Property, plant and equipment	12	18,785	19,24
Intangible assets	13	233	237
Foreclosed assets		-	3,816
Prepaid income taxes		5,012	2,349
Other assets	15	4,04	2,384
TOTAL ASSETS		123,871	157,401
EQUITY AND LIABILITITES			
Equity			
Share capital	20	40,000	26,437
Statutory general reserve		1,361	401
Other reserves		5,337	5,337
Capital surplus		15,336	15,336
Retained earnings		6,623	960
TOTAL EQUITY		68,657	48,471
Liabilities			
Amounts due to financial institutions	16	3,060	5,934
Amounts due to customers	17	37,672	90,537
Subordinated loan	18	6,234	6,234
Other liabilities	19	6,097	5,159
Current income tax liabilities		2,151	1,066
TOTAL LIABILITIES		55,214	108,930
TOTAL EQUITY AND LIABILITIES		123,871	157,401

The Bank's Chairman of the Executive Board and Chief Accountant signed the financial statements from pages 5 to 62 on 20 March 2017.

The accompanying notes on pages 5 to 62 are an integral part of these financial statements.

Zardov Sh.D.

Chairman of the Executive Board



Bakoev D.T.

Chief Accountant

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

In thousand Tajik somoni	Notes	For the year ended 31 December 2016	For the year ended 31 December 2015
Interest and similar income	21	14,077	16,754
Interest and similar expense	21	(3,920)	(7,690)
NET INTEREST INCOME		10,157	9,064
Fee and commission income	22	6,242	4,403
Fee and commission expense	22	(877)	(965)
NET FEE AND COMMISSION INCOME		5,365	3,438
Realised gains from transaction in foreign currencies		12,186	17,305
Other income	23	37,555	74,705
Impairment charge of impairment for credit losses		(3,329)	(14,167)
Staff costs	24	(10,784)	(11,068)
Depreciation of property, plant and equipment	12	(1,088)	(1,084)
Amortization of intangible assets	13	(27)	(29)
Other expenses	25	(41,318)	(71,777)
PROFIT BEFORE INCOME TAX		8,717	6,387
Income tax expense	14	(2,094)	(1,533)
PROFIT FOR THE YEAR		6,623	4,854
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,623	4,854

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Bakoev D.T.

Chief Accountant

STATEMENT OF CHANGES IN EQUITY

In thousand Tajik somoni

	Share capital	Statutory general reserve	Revaluation reserve of property, plant and equipment	Other reserves	Retained earnings/ (accumulated loss)	Total
Balance as of 31 December 2014	41,773	401	4,910	427	(3,894)	43,617
Dividends to shareholders	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
Profit for the year	-	-	-	-	4,854	4,854
Total comprehensive income for the year					4,854	4,854
Balance as of 31 December 2015	41,773	401	4,910	427	960	48,471
Dividends to shareholders	-	-	-	-	-	-
Transactions with owners	13,563	960	-	-	(960)	13,563
Profit for the year	-	-	-	-	6,623	6,623
Total comprehensive income for the year					6,623	6,623
Balance as of 31 December 2016	55,336	1,361	4,910	427	6,623	68,657

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Chairman of the Executive Board



Bakoev D.T.

Chief Accountant

STATEMENT OF CASH FLOWS

In thousand Tajik somoni	For the year ended 31 December 2016	For the year ended 31 December 2015
Cash flows from operating activities		
Profit before income tax	8,717	6,387
Adjustments for		
Impairment charge of impairment for credit losses	3,329	6,011
Foreign currency translation net loss of non-trading assets and liabilities	(159)	1,243
Amortization and depreciation allowances	1,126	1,113
Interest receivable	(915)	(1,365)
Interest payable	(991)	(306)
Cash flow from operating activities before changes in operating assets and liabilities	11,107	13,083
(Increase)/decrease in operating assets		
Statutory reserve in National Bank of Tajikistan	2,811	130
Amounts due from other financial institutions	20,342	(381)
Loans and advances to customers	31,555	16,293
Other assets	(3,420)	3,032
Increase/(decrease) in operating liabilities		
Amounts due to financial institutions	(3,346)	(4,173)
Amounts due to customers	(63,361)	(24,349)
Other liabilities	(434)	2,320
Net cash from/(used in) operating activities before income tax	(4,751)	5,955
Income tax paid	3,672	3,953
Net cash from/(used in) operating activities	(8,423)	2,002
Cash flows from investing activities		
Investments	394	-
Purchase of property, plant and equipment	(958)	(432)
Proceeds from sale of property, plant and equipment	313	64
Purchase of intangible assets	(23)	(2)
Net cash used in investing activities	(274)	(370)
Cash flow from financing activities		
Share capital	13,563	-
Subordinated loan	-	6,234
Net cash used in financing activities	13,563	6,234

Net increase in cash and cash equivalents	<u>4,866</u>	<u>7,866</u>
Cash and cash equivalents at the beginning of the year	52,568	38,090
Exchange differences on cash and cash equivalents	5,856	6,612
Cash and cash equivalents at the end of the year (Note 7)	<u>63,290</u>	<u>52,568</u>
Interest received	13,162	15,389
Interest paid	4,911	7,996

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