



BAKER TILLY TAJIKISTAN

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and the Management of the OJSC "Sohibkorbank":

Opinion

We have audited the accompanying financial statements of the Open Joint Stock Company "Sohibkorbank" (the "Bank"), which comprise the statement of financial position as at December 31, 2017 and the statement of profit or loss and other comprehensive income, the 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, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the issues mentioned in "Basis for opinion" paragraph the accompanying financial statements present fairly, in all material respects, financial position of the Bank as at December 31, 2017, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for opinion

In 2010, the Bank carried out revaluation of fixed assets. Revaluation was carried out in accordance with the ratios established by the Ministry of Finance of the Republic of Tajikistan and Government Decision # 698 dated December 30, 2009. In our opinion the revaluation does not conform to IAS 16 "Property, Plant and Equipment" which allows revaluation to fair value. In this regard, we were not able to determine the quantify effect of this departure on the amounts reported in the financial statements as property, plant and equipment, revaluation reserve, retained earnings, depreciation charge and income tax.

As of December 31, 2017, in the Bank's statement of financial position there were amounts of correspondent accounts on OJSC "Trusta Komercbank" (Latvia) in the amount of 17,885 thousand somoni. European Central Bank (ECB) based on the proposal submitted by the Financial and Capital Market Commission of Latvia withdrew the authorisation of the Bank on March 3, 2016. On March 14, 2016, the Riga City Vidzeme District Court decided to recognize that the OJSC "Trusta Komercbank" is to be liquidated. The ruling was final, it could not be appealed. As of December 31, 2017 and 2016, this amount fully reflected in the statement of financial position, which does not comply with the requirements of the International Reporting Standard IAS 36 "Impairment of Assets". In our opinion, as of the reporting dates, there were significant grounds for impairment of this asset.

The Bank estimates and calculates the allowance for impairment of loans issued in accordance with International Reporting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement". The calculation of the allowance for impairment of loans issued in accordance with the IFRS approach differ from the allowance calculated in accordance with the requirements of the National Bank of Tajikistan (further "NBT"). In our opinion, as of December 31, 2017 and 2016 the amount of the allowance for

impairment of loans issued, calculated in accordance with the requirements of the NBT amount 21,988 thousand somoni and 20,176 thousand somoni, respectively.

The audit of the Bank's financial statements for the year ended December 31, 2016 was conducted by another auditor and the audited financial statements of the Bank were signed on March 20, 2017. We were not able to verify the correctness of closing balances and results of operating activity of the Bank for the audited period. We performed basic level of audit procedures for balance sheet items and result of operating activity as at December 31, 2016 as this date is considered as opening balance for accompanying financial statements, but we do not express our audit opinion in regards of the Bank's financial position and results of operating activity as at December 31, 2016.

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in 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.

April 19, 2018
Dushanbe, Republic of Tajikistan



Daler Kabilov

Director, Baker Tilly Tajikistan LLC

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OJSC “SOHIBKORBANK”

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017

(in thousands of Tajik Somoni)

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016 (restated)
Interest income	4	7,195	14,078
Interest expenses	4	(1,493)	(3,920)
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		5,702	10,158
Accrual of allowance for impairment losses on interest bearing assets	7	(5,306)	(3,075)
NET INTEREST (LOSS)/INCOME		396	7,083
Commission income	5	9,645	6,241
Commission expenses	5	(2,689)	(877)
Net gain on operations with financial instruments	6	17,898	12,346
Other income, net		242	75
NET NON - INTEREST INCOME		25,096	17,785
Operating expenses	8	(19,987)	(17,049)
PROFIT BEFORE INCOME TAX		5,505	7,819
Income tax	9	(1,404)	(1,887)
NET PROFIT FOR THE YEAR		4,101	5,932
Other comprehensive income:		-	-
TOTAL COMPREHENSIVE INCOME		4,101	5,932
Earnings per share, basic and diluted		0,88	1,99

On behalf of the Management:

Zardov Sherali
General Director

April 19, 2018
Dushanbe, Republic of Tajikistan

Davlatov Farruh
Financial Director

April 19, 2018
Dushanbe, Republic of Tajikistan

The notes on pages 12-53 form an integral part of the financial statements. The Independent Auditors' Report is on pages 4-6.

OJSC “SOHIBKORBANK”

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017 (in thousands of Tajik somoni)

	Notes	December 31, 2017	December 31, 2016 (restated)
ASSETS:			
Cash and cash equivalents	10	29,499	46,798
Due from banks	11	35,400	2,408
Loans to customers	12	21,999	29,956
Financial assets available for sale	13	35	35
Property, plant and equipment	14	18,235	18,787
Intangible assets	15	207	233
Other assets	16	27,421	23,502
Deferred tax asset	9	769	207
TOTAL ASSETS		133,565	121,926
LIABILITIES AND EQUITY:			
LIABILITIES:			
Due to banks and other financial institutions	17	6,540	3,545
Customer accounts	18	51,381	50,422
Borrowings		-	6,234
Other liabilities	20	8,913	9,095
		66,834	69,296
EQUITY:			
Share capital		50,000	40,000
Retained earnings		10,460	6,359
General reserves		1,361	1,361
Revaluaton reserve		4,910	4,910
		66,731	52,630
TOTAL LIABILITIES AND EQUITY		133,565	121,926

On behalf of the Management:

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April 19, 2018
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OJSC “SOHIBKORBANK”

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017 (in thousands of Tajik somoni)

	Notes.	Share capital	Revaluation reserve	General reserves	Retained earnings	Total
Balance at December 31, 2015 <i>(restated)</i>		26,437	4,910	401	1,387	33,135
Issue of shares		13,563	-	-	-	13,563
Increase of general reserves		-	-	960	(960)	-
Total comprehensive loss		-	-	-	5,932	5,932
Balance at December 31, 2016 <i>(restated)</i>	21	40,000	4,910	1,361	6,359	52,630
Issue of shares		10,000	-	-	-	10,000
Total comprehensive income		-	-	-	4,101	4,101
Balance at December 31, 2017	21	50,000	4,910	1,361	10,460	66,731

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OJSC “SOHIBKORBANK”

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017 *(in thousands of Tajik somoni)*

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016 <i>(restated)</i>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax expenses		5,505	7,819
Adjustments for::			
Change in allowance for impairment losses on interest bearing assets	7	5,306	3,075
Depreciation of property and equipment and amortization of intangible assets	8	1,110	1,116
Movement in the allowance for collateral received	8	(2,554)	213
Change in allowance for other assets	8	2,186	(15)
Change in unused vacation provision	8	260	899
Loss on disposal of property and equipment	8	16	323
Forex exchange differences	6	(2,115)	(160)
Interest income, net	4	(5,702)	(10,158)
Cash flows before changes in operating assets and liabilities		4,012	3,112
(Increase)/decrease in due from banks		(2,767)	7,558
Decrease in loans to customers		8,699	44,751
Decrease/(increase) in other assets		(986)	(13,359)
Increase/(decrease) in customer accounts		(2,903)	(64,308)
Increase/(decrease) in due to banks and financial institutions		1,276	(947)
(Decrease) in other liabilities		(3,691)	(2,954)
Cash inflow/(outflow) from operating activities before taxation		3,640	(26,147)
Interest received		4,399	12,792
Interest paid		(1,598)	(4,911)
Income tax paid		(2,620)	(2,401)
Net cash inflow/(outflow) from operating activities		3,821	(20,667)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property plant and equipment and intangible assets	8	(290)	(983)
Net cash outflow from investing activities		(290)	(983)

OJSC “SOHIBKORBANK”

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017 (CONTINUED)

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016 <i>(restated)</i>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase of share capital	20	10,000	13,563
Proceeds from borrowings		(6,234)	-
Выручка от продажи инвестиций, удерживаемых для продажи		-	394
Net cash inflow from financing activities		3,766	13,957
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,297	(7,693)
Effect of changes in exchange rates on cash and cash equivalents		1,477	1,252
CASH AND CASH EQUIVALENTS, at the beginning of the year	10	46,128	52,569
CASH AND CASH EQUIVALENTS, at the end of the year	10	54,902	46,128

On behalf of the Management:

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General Director

April 19, 2018
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