

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and management of the State Saving Bank of the Republic of Tajikistan
"Amonatbank"

Opinion

We have audited the financial statements of the State Saving Bank of the Republic of Tajikistan "Amonatbank" (hereinafter "Bank"), which comprise the statement of financial position as at 31 December 2019, and 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 the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities in accordance with these standards are further described in the "Auditor's Responsibilities for the Audit of 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 ethical requirements that are relevant to our audit of financial statements in Tajikistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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

Negative foreign currency position - we draw attention to Note 29.4 to the financial statements, which states that at the reporting date the Bank has a negative foreign currency position in US dollars in the amount TJS 79,129 thousand (2018: TJS 65,330 thousand) in accordance with IFRSs.

Events after the reporting date - we draw attention to note 30 to the financial statements, which discloses material events after the reporting date.

Prudential requirements - we draw attention to Note 26 to the financial statements, which provides calculations of the Bank's capital adequacy ratios in accordance with the requirements of instruction No. 176 "On the procedure for regulating the activities of credit organizations" of the National Bank of Tajikistan. According to the calculations given in the above note, the adequacy level of Bank K 1.2 is insufficient.

Our opinion is not modified in respect of this matter.

Other matter

The audit of the financial statements of the Bank for the year ended 31 December 2018 was conducted by another auditor who expressed "Qualified opinion" on those financial statements on 30 April 2019.

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 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank's audit. We remain solely responsible for our audit opinion.

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.


Bakhtiyor Rustamov
Audit Partner

License №0000078 dated 21/06/2017
issued by the National Bank of Tajikistan

Qualification Certificate №56, dated 08/01/2014
issued by the National Bank of Tajikistan

Dushanbe

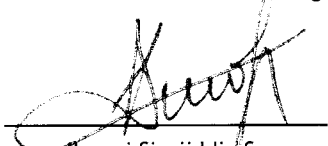
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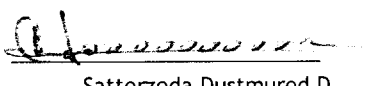
Statement of Financial Position as at 31 December 2019

(in thousands of Tajik somoni)

		31 December 2019	31 December 2018
ASSETS:	Note		
Cash and cash equivalents	5	761,829	935,816
Due from banks	6	707,592	506,801
Loans to customers	7	610,238	534,766
Investment in securities	8	1,592,094	1,737,072
Property and equipments	9	306,882	264,254
Intangible assets	10	15,859	16,893
Right-of-use assets	11	7,360	-
Assets held for sale	12	18,120	31,051
Other assets	13	107,804	110,126
TOTAL ASSETS:		4,127,778	4,136,778
LIABILITIES:			
Due to banks and financial organizations	14	91,070	38,672
Financial instruments at fair value through profit or loss		-	12,925
Customer accounts	15	3,478,817	3,437,739
Loans payable	16	13,124	124,116
Lease liabilities	11	7,740	-
Deferred tax liability	24	12,457	2,992
Other liabilities	17	102,903	171,143
		3,706,111	3,787,587
EQUITY:			
Share capital	18	60,935	51,435
Additional paid in capital		67	9,567
General reserves		29,151	29,151
Revaluation reserve		99,419	102,909
Retained earnings		232,095	156,129
		421,667	349,191
TOTAL LIABILITIES AND EQUITY:		4,127,778	4,136,778

The annexed notes from 1 to 30 form an integral part of these financial statements


Ikromi Sirojiddin S.
Chairman of the Executive Board

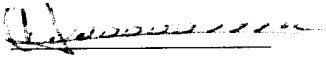

Sattorzoda Dustmurod D.
Chief Accountant

SSB RT "AMONATBONK"
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019
(in thousands of Tajik somoni)

	Note	For the year ended 31 December 2019	For the year ended 31 December 2018
Interest income	19	353,557	269,395
Interest expense	19	(91,048)	(104,746)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST-BEARING ASSETS		<u>262,509</u>	<u>164,649</u>
(Accrual)/recovery of provision for impairment of interest-bearing assets		(101,800)	44,762
NET INTEREST INCOME		<u>160,709</u>	<u>209,411</u>
Commission income	21	151,382	116,432
Commission expenses	21	(30,060)	(23,704)
Net gain from foreign exchange operations	22	31,035	28,652
Provision for impairment of non-interest bearing assets	20	(45,612)	(16,361)
Other income		7,060	1,375
NET NON-INTEREST INCOME		<u>113,805</u>	<u>106,394</u>
Operating expenses	23	(168,976)	(145,831)
PROFIT BEFORE TAXATION		<u>105,538</u>	<u>169,974</u>
Profit tax expense	24	(33,066)	(55,430)
PROFIT FOR THE YEAR		<u><u>72,472</u></u>	<u><u>114,544</u></u>

The annexed notes from 1 to 30 form an integral part of these financial statements



 Ikromi Sirojiddin S.
 Chairman of the Executive Board

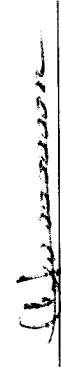

 Sattorzoda Dustmurod D.
 Chief Accountant

SSB RT "AMONATBONK"
Statement of Changes in Equity
For the year ended 31 December 2019
(in thousands of Tajik somoni)

	Share capital	Additional paid in capital	General reserves	Revaluation reserve	Retained earnings	Total
Balance as at 31 December 2017 (revised)	51,435	9,567	29,151	105,024	134,643	329,820
Effect of implementing IFRS 9 (other)	-	-	-	-	(95,172)	(95,172)
Balance as at 1 January 2018	51,435	9,567	29,151	105,024	39,471	234,648
Profit for the year	-	-	-	-	114,547	114,547
Transfer of revaluation reserve to retained earnings	-	-	-	(2,115)	2,115	-
Balance as at 31 December 2018	51,435	9,567	29,151	102,909	156,129	349,195
Increase of share capital from additional paid-in capital	9,500	(9,500)	-	-	-	-
Profit for the year	-	-	-	-	72,472	72,472
Transfer of revaluation reserve to retained earnings	-	-	-	(3,491)	3,491	-
Balance at 31 December 2019	60,935	67	29,151	99,419	232,095	421,667

The annexed notes from 1 to 30 form an integral part of these financial statements


 Khromi Sirojiddin S.
 Chairman of the Executive Board


 Sattorzoda Dustmurod D.
 Chief Accountant

SSB RT "AMONATBONK"
Statement of Cash Flows
For the year ended 31 December 2019
(in thousands of Tajik somoni)

	For the year ended 31 December 2019	For the year ended 31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after income tax expense	72,472	114,544
Adjustments for:		
(Recovery)/accrual of provision for impairment losses on interest bearing assets	101,800	(44,762)
Write-off of loans against the provision for expected credit losses on loans to customers	(186,885)	
Depreciation of property and equipments	10,472	9,760
Depreciation of intangible assets	1,990	1,731
Depreciation of the right-of-use assets	1,737	-
Interest expense on lease liabilities	959	-
Loss from disposal of property and equipment	5,215	391
Movement in the provision for expected credit losses on accounts in the NBT	(173)	-
Movement in the provision for expected credit losses on due to banks and term placements	(815)	(5,487)
Movement in the provision for impairment of the assets held for sale	34,825	11,527
Movement in the provision for expected credit losses on money transfer systems	(388)	212
Movement in the reserve for expected credit losses on NBT certificates	(862)	5,180
Movement in the provision for bad accounts receivable	2,664	46
Movement in the provision for expected credit losses on interbank settlements	(1,264)	3,523
Movement in the provision for impairment on the assets in the liquidating organizations	44	452
Movement in the reserve for cash shortages	11,581	908
Movement in the provision for unused leaves	3,083	(275)
Foreign currency exchange differences	(31,035)	6
Interest income	(353,557)	(269,395)
Interest expense	91,048	104,746
	(309,561)	(181,437)
Cash (outflow)/inflow from operating activities before changes in operating assets and liabilities	(237,089)	(66,893)
Changes in operating assets and liabilities increase / (decrease) in operating assets:		
Due from banks	(9,669)	(29,361)
Loans to customers	42,725	146,265
Assets held for sale	(21,894)	(42,579)
Right-of-use assets	(9,097)	-
Other assets	65,808	26,328
	67,873	100,653

SSB RT "AMONATBONK"
Statement of Cash Flows (continued)
For the year ended 31 December 2019
(in thousands of Tajik somoni)

(Increase)/decrease in operating liabilities :

Due to banks and financial organizations	52,398	(33,667)
Financial instruments at fair value through profit or loss	(12,925)	12,926
Customer accounts	31,051	460,857
Lease liabilities	10,056	-
Deferred tax liability	9,465	-
Other liabilities	(71,318)	107,727

Cash flows from operating activities before income tax and interest

(150,489) 581,604

Received interest	280,087	278,931
Interest paid	(81,963)	(106,816)
Income tax paid	(37,797)	(10,981)

Net cash inflow from operating activities

9,838 742,738

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipments	(58,315)	(37,599)
Purchase of intangible assets	(957)	(4,213)
Purchase of securities	(10,962,850)	(1,706,357)
Sale of securities	11,110,722	832,868

Net cash (outflow)/inflow from investing activities:

88,600 (915,301)

CASH FLOWS FROM FINANCING ACTIVITIES:

Reduction of additional paid in capital	(9,500)	-
Increase in share capital	9,500	-
Proceeds from loans	-	222,495
Loan repayments	(110,050)	(260,302)
Lease payments	(2,316)	-
Interest paid on the lease liabilities	(959)	-

Net cash outflow from financing activities:

(113,325) (37,807)

Effect of changes in foreign currency exchange rate on cash balances in foreign currency

31,035 634

NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS

16,148 (209,736)

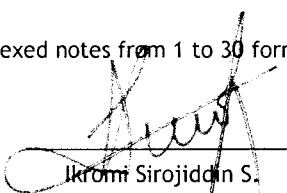
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR

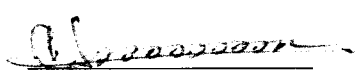
1,289,208 1,498,944

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

1,305,356 1,289,208

The annexed notes from 1 to 30 form an integral part of these financial statements


 Ikromi Sirojiddin S.
 Chairman of the Executive Board


 Sattorzoda Dustmurod D.
 Chief Accountant