

Closed Joint Stock Company  
“Spitamen Bank”

Financial statements  
for the year ended December 31, 2022 and  
Independent auditor’s report

## STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Management is responsible for maintenance of accounting records and preparation of financial statements that fairly accurately present the financial position of Closed Joint Stock Company "Spitamen Bank" ("the Bank") as of 31 December 2022, as well as the results of their activities, cash flows and changes in equity for the year then ended.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and necessarily include amounts based on judgment and estimates.

In preparing financial statements, Management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance; and
- making an assessment of the Bank ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control, throughout the Bank;
- maintaining adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time in the financial statements, and which enable them to ensure that the financial statements comply with IFRS;
- maintaining accounting records in compliance with the legislation of Republic of Tajikistan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Bank;
- preventing and detecting fraud and other irregularities.

The financial statements of the Bank for the year ended 31 December 2022 was approved by Management of the Bank on April 28, 2023.

On behalf of the Bank's Management:

Samandarzoda Navruz  
Chairman of the Bank

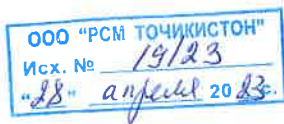
Iskhakov Farrukh  
Chief accountant





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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Supervisory Board of Closed Joint Stock Company "Spitamen Bank":

### *Opinion*

We have audited the accompanying financial statements of Closed Joint Stock Company "Spitamen Bank" (the "Bank"), which comprise the Statement of financial position as of 31 December 2022, 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 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 2022, and its financial performance and cash flows for the year, then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 (the "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.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and we do not express an opinion on these individual matters.

#### Key audit matters

Loan Impairment methodology

The Management of the Bank accrual allowances impairment in relation to financial instruments based on the terms of concluded agreements, assessing the financial condition of customers, as well as

#### Audit procedures concerning key audit matters

We conducted procedures related to classify loans by risk group, the internal control system was evaluated, loans of individuals and legal entities were tested on a sampling basis, including the calculation of impairment.

THE POWER OF BEING UNDERSTOOD  
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forecasting future cash inflow for obligations existing at the reporting date.

The allowance is formed on an individual basis, based on the assessment of the borrower's solvency, taking into account the assignment of classifications of the obligations of this borrower and its collateral.

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#### *Borrowings*

The Management of the Bank attracts borrowings from legal entities for the purpose of generating profit through further refinancing. Borrowings are attracted both in national and foreign currencies on the basis of signed contracts with creditors on a short-term basis with subsequent prolongation.

We pay special attention to these issues due to the materiality of this balance sheet in relation to the total amount of liabilities. The structure and service of each borrowing require from the Bank to evaluate contractual agreements and their impact on borrowings accounting.

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Note 12 "Loans to customers" contains detailed information on loans, taking into account the accrual of an allowance for impairment losses.

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From our part, procedures were carried out to analyze contracts, analyze the internal control system for these borrowings, and also, we have performed procedures in relation to recalculation of borrowings and interest on them on a sampling basis.

Note 22 "Borrowings" contains detailed information on borrowings.

#### ***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 IFRS, and for such internal control as Management determines is necessary to enable the preparation of financial statements that is 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 relating 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 responsibility for the audit of financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements 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 International Standard on Auditing (hereinafter "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 statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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, 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 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;

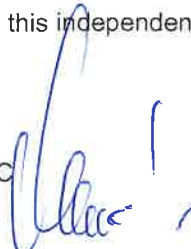
- evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

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.

From those matters that we have brought to the attention of those charged with governance, we identify those matters that were most significant to the audit of the financial statements for the current period and, therefore, are key audit matters. We describe these matters in our auditor's report, except when public disclosure of information about these matters is prohibited by law or regulation, or when, in extremely rare cases, we conclude that information about a matter should not be disclosed in our conclusion, since it can reasonably be assumed that the negative consequences of the communication of such information will exceed the socially significant benefits of its communication.

The Audit Partner on the audit resulting in this independent auditor's report is Maftunzhon Baratov.

Bahrullo Mulloev  
Engagement Partner - RSM Tajikistan LLC



Maftunzhon Baratov  
Audit Partner



License of National Bank of Tajikistan  
BMT № 0000134 dated December 29, 2020

Specialist License on bank audit  
BMT № 0000057 dated December 30, 2015

April 28, 2023.



## STATEMENT OF FINANCIAL POSITION

In thousand Tajik somoni	Note	As of December 31, 2022	As of December 31, 2021
<b>ASSETS</b>			
Cash and balances in National bank of Tajikistan	8	519,254	367,333
Gold	9	59	87
Due from banks and other financial institutions	10	117,291	55,723
Financial instruments at fair value through profit or loss	11	29,415	4,851
Loans to customers	12	561,952	609,066
Assets held for sale	13	1,675	570
Investments	14	64	64
Property, plant and equipment	15	48,633	44,286
Right-of-use assets	16	9,836	8,905
Intangible assets	17	14,522	19,679
Deferred tax asset	33	1,705	1,447
Other assets	18	68,672	47,689
<b>TOTAL ASSETS</b>		<b>1,373,078</b>	<b>1,159,700</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to banks and financial institutions	19	37,029	64,673
Financial instruments at fair value through profit or loss	20	29,679	4,822
Customer accounts	21	509,598	479,233
Borrowings	22	562,749	444,560
Subordinated loans	23	37,206	42,157
Lease liabilities	16	8,521	8,103
Deferred income	24	197	208
Other liabilities	25	43,855	12,722
<b>TOTAL LIABILITIES</b>		<b>1,228,834</b>	<b>1,056,478</b>
<b>Equity</b>			
Share capital	26	80,182	80,182
Additional paid up capital		-	-
Revaluation reserve		4,966	5,339
Other reserves		19,633	14,032
Retained earnings		39,463	3,669
<b>TOTAL EQUITY</b>		<b>144,244</b>	<b>103,222</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,373,078</b>	<b>1,159,700</b>

The financial statements presented on pages 7 to 11, were signed by the Chairman of the Bank and the Chief accountant on April 28, 2023.

The enclosed notes on pages 12 to 74 are an integral part of these financial statements.

Samandarzoda Navruz  
 Chairman of the Bank



Iskhakov Farrukh  
 Chief accountant

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousand Tajik somoni	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
Interest and similar income	27	117,104	90,990
Interest and similar expense	27	(74,324)	(51,348)
<b>NET INTEREST INCOME</b>		<b>42,780</b>	<b>39,642</b>
Commission income	28	36,193	31,849
Commission expense	28	(27,447)	(32,759)
<b>NET COMMISSION (EXPENSE) / INCOME</b>		<b>8,746</b>	<b>(910)</b>
Accrual of allowance for impairment losses on interest bearing assets	29	(121,620)	6,757
Net gain on foreign exchange operations	30	211,482	40,079
Other income/(expenses)	31	5,068	866
<b>NET INTEREST INCOME</b>		<b>146,456</b>	<b>86,434</b>
Operating expenses	32	(96,805)	(78,441)
<b>OPERATING PROFIT BEFORE ALLOWANCE FOR OTHER OPERATIONS</b>		<b>49,651</b>	<b>7,993</b>
Accrual of allowance for impairment losses	29	(1,772)	(1,269)
<b>PROFIT BEFORE INCOME TAX</b>		<b>47,879</b>	<b>6,724</b>
Income tax	33	(6,320)	(943)
<b>PROFIT FOR THE YEAR</b>		<b>41,559</b>	<b>5,781</b>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>41,559</b>	<b>5,781</b>

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Samandarzoda Navruz  
 Chairman of the Bank



Iskhakov Farrukh  
 Chief accountant

## STATEMENT OF CHANGES IN EQUITY

In thousand Tajik somoni	Share capital	Additional paid up capital	Revaluation reserve	Other reserves	Retained earnings	Total
Balance at 31 December 2020	66,622	13,560	5,721	8,608	1,332	95,843
Opening balance adjustment	-	-	-	-	1,598	1,598
Transfer of revaluation to retained earnings	-	-	(382)	-	382	-
Replenishment of other reserves from retained earnings	-	-	-	5,424	(5,424)	-
Replenishment of additional paid-in capital with subordinated debt	13,560	(13,560)	-	-	-	-
Profit for the period	-	-	-	-	5,781	5,781
Balance at 31 December 2021	80,182	-	5,339	14,032	3,669	103,222
Opening balance adjustment	-	-	-	-	(537)	(537)
Transfer of revaluation to retained earnings	-	-	(373)	-	373	-
Replenishment of other reserves from retained earnings	-	-	-	5,601	(5,601)	-
Profit for the period	-	-	-	-	41,559	41,559
<b>Balance at 31 December 2022</b>	<b>80,182</b>	<b>-</b>	<b>4,966</b>	<b>19,633</b>	<b>39,463</b>	<b>144,244</b>

The financial statements presented on pages 7 to 11, were signed by the Chairman of Bank and the Chief accountant on April 28, 2023.

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Samandarzoda Navruz  
Chairman of the Bank

  
Iskhakov Farrukh  
Chief accountant





## STATEMENT OF CASH FLOWS

In thousand Tajik somoni	For the year ended 31 December 2022	For the year ended 31 December 2021
<b>Cash flows from operating activities:</b>		
Profit before tax	47,879	6,724
<i>Adjustments for:</i>		
Amortization of property, plant and equipment, intangible assets and right-of-use assets	9,321	8,749
Changes in accrued interest	1,635	1,070
Unrealized losses on foreign exchange transactions	(5,530)	706
Recovery of allowance for impairment of interest-bearing assets	129,841	6,757
Accrual of allowances for impairment of other transactions	-	(1,269)
(Profit)/Loss from the sale of assets held for sale	-	(813)
Loss on disposal of property, plant and equipment	-	3
<b>Cash inflows from operating activities before changes in operating assets and liabilities</b>	<b>183,146</b>	<b>21,927</b>
<b>Changes in operating assets and liabilities:</b>		
<i>(Increase)/decrease in operating assets:</i>		
Decrease of obligatory reserves in NBT	4,170	(22,298)
Increase/(decrease) in due from banks and other financial institutions	(60,702)	2,864
Increase of loans to customers	(59,319)	(167,782)
(Decrease)/increase of other assets	25,217	(1,527)
<i>Increase/(decrease) in operating liabilities</i>		
(Decrease)/Increase due to banks and financial institutions	(27,645)	53,704
Increase in customer accounts	30,366	158,758
Increase/(decrease) of other liabilities	30,832	(8,481)
<b>Cash outflow from operating activities before taxation</b>	<b>126,065</b>	<b>37,165</b>
Income tax paid	(5,489)	(3,385)
<b>Net cash outflow from operating activities</b>	<b>120,576</b>	<b>33,780</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE	(8,511)	(12,078)
Purchase of intangible assets	-	(4,272)
Proceeds from the sale of assets held for sale	-	15,615
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(8,511)</b>	<b>(735)</b>
<b>Cash flow from financing activities</b>		
Increase/(decrease) from subordinated debt	(4,951)	22,600
Increase from borrowings	118,190	81,920
Payment of lease liabilities	(5,192)	(4,538)
<b>Net cash inflow from financing activities</b>	<b>108,047</b>	<b>99,982</b>

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Impact of changes in the foreign currency exchange rate on cash balances in foreign currency

**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**

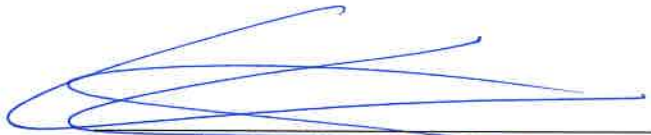
Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year (Note 8)

	932	(1,141)
	221,044	131,886
	390,157	258,271
	611,201	390,157

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The enclosed notes on pages 12 to 74 are an integral part of these financial statements.



Samandarzoda Navruz  
 Chairman of the Bank




Iskhakov Farrukh  
 Chief accountant