

INDEPENDENT AUDITORS' REPORT

To the Shareholder and the Supervisory Board of Closed Joint-Stock Company "The First MicroFinanceBank":

Opinion

We have audited the financial statements of CJSC The First MicroFinanceBank ("the Bank"), which comprise the statement of financial position as at 31 December 2016, and the statement of 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 2016, and its financial performance and its 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 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.

Other Matter

The financial statements of Closed Joint-Stock Company The First MicroFinanceBank for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 22 February 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.

28 February 2017
Dushanbe, Republic of Tajikistan



Gulanor Atobek, Director
(certificate no. 0000113 dated 04 December 2013)

Deloitte & Touche, LLC
(license no. БМТН[№] 0000019 dated 08 January 2014)



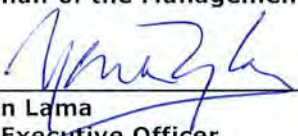
CLOSED JOINT-STOCK COMPANY THE FIRST MICROFINANCEBANK

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

In thousands of Tajik Somoni

	Notes	Year ended 31 December 2016	Year ended 31 December 2015
Interest income	6	67,005	76,994
Interest expense	6, 25	(26,778)	(26,324)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		40,227	50,670
Provision for impairment losses on interest bearing assets	7	(9,298)	(19,029)
NET INTEREST INCOME		30,929	31,641
Net gain on foreign exchange operations	8	7,091	12,731
Fee and commission income	9, 25	6,239	2,881
Fee and commission expense	9	(2,078)	(901)
Other income		944	1,464
NET NON-INTEREST INCOME		12,196	16,175
OPERATING INCOME		43,125	47,816
OPERATING EXPENSES	10, 25	(51,509)	(47,413)
(LOSS)/PROFIT BEFORE OTHER OPERATING PROVISIONS		(8,384)	403
Provision for impairment losses on other transactions	7	(381)	(26)
(LOSS)/PROFIT BEFORE INCOME TAX		(8,765)	377
Income tax expense	11	(3,813)	(7,330)
NET LOSS		(12,578)	(6,953)
TOTAL COMPREHENSIVE LOSS		(12,578)	(6,953)

On behalf of the Management Board:



Ynten Lama
 Chief Executive Officer



Mirzosafar Safarov
 Chief Financial Officer

Dushanbe, Republic of Tajikistan
 28 February 2017

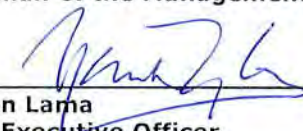
CLOSED JOINT-STOCK COMPANY THE FIRST MICROFINANCEBANK

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

In thousands of Tajik Somoni

	Notes	31 December 2016	31 December 2015
ASSETS:			
Cash and cash equivalents	12	188,905	204,800
Obligatory reserves with the National Bank of Tajikistan	13	24,028	15,650
Due from banks and other financial institutions	14, 25	966	6,152
Loans to customers	15	221,411	258,162
Income tax assets	11	1,913	-
Property and equipment	16	5,473	6,307
Intangible assets	17	303	408
Other assets	18	9,231	9,691
TOTAL ASSETS		452,230	501,170
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks and other financial institutions	19, 25	31,804	118,881
Amounts owed to Government	20	44,252	39,090
Customer accounts	21, 25	329,159	296,965
Current income tax liabilities	11	-	1,259
Other liabilities	22	4,607	5,549
Total liabilities		409,822	461,744
EQUITY:			
Share capital	23	56,810	41,250
General reserve		7,480	7,480
Accumulated loss		(21,882)	(9,304)
Total equity		42,408	39,426
TOTAL LIABILITIES AND EQUITY		452,230	501,170

On behalf of the Management Board:


Yenten Lama
Chief Executive Officer


Mirzosafar Safarov
Chief Financial Officer

Dushanbe, Republic of Tajikistan
 28 February 2017

CLOSED JOINT-STOCK COMPANY THE FIRST MICROFINANCEBANK

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

In thousands of Tajik Somoni

	Share Capital	General reserve ¹	Accumulated loss	Total Equity
As at 31 December 2014	41,250	7,480	(2,351)	46,379
Net loss	-	-	(6,953)	(6,953)
As at 31 December 2015	41,250	7,480	(9,304)	39,426
Issue of ordinary share capital	15,560	-	-	15,560
Net loss	-	-	(12,578)	(12,578)
As at 31 December 2016	<u>56,810</u>	<u>7,480</u>	<u>(21,882)</u>	<u>42,408</u>

¹ The general reserve includes appropriations of retained earnings, which are required under the legislation of the Republic of Tajikistan.

On behalf of the Management Board:



Yenten Lama
Chief Executive Officer



Mirzosafar Safarov
Chief Financial Officer

Dushanbe, Republic of Tajikistan
28 February 2017

CLOSED JOINT-STOCK COMPANY THE FIRST MICROFINANCEBANK

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016
*In thousands of Tajik Somoni***

	Notes	Year ended 31 December 2016	Year ended 31 December 2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss)/Profit before income tax		(8,765)	377
Adjustments for:			
Provision for impairment losses on interest bearing assets		9,298	19,029
Net change other reserves		381	26
Unrealised gain on foreign exchange operations		81	134
Depreciation and amortisation expense		1,846	2,000
Loss from disposal of intangible assets		21	46
Net change in interest accruals		(542)	355
Cash inflow from operating activities before changes in operating assets and liabilities		2,320	21,967
Changes in operating assets and liabilities (Decrease)/increase in operating assets:			
Restricted balances with National Bank of Tajikistan		(8,378)	(3,462)
Due from banks and other financial institutions		5,869	(5,875)
Loans to customers		26,620	15,835
Income tax assets		(1,913)	-
Other assets		79	(6,736)
Decrease/(Increase) in operating liabilities			
Due to banks and other financial institutions		-	(2,286)
Amounts owed to Government		5,074	(1,750)
Customer accounts		30,588	87,660
Other liabilities		(948)	2,361
Cash inflow from operating activities before taxation		59,311	107,714
Income tax paid		(5,072)	(8,894)
Net cash inflow from operating activities		54,239	98,820
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and equipment		(902)	(1,967)
Purchase of intangible assets		(26)	(130)
Proceeds from sale and redemption of investment securities		-	6,994
Net cash outflow from investing activities		(928)	4,897

CLOSED JOINT-STOCK COMPANY THE FIRST MICROFINANCEBANK

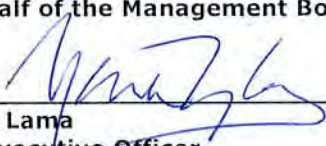
**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016
In thousands of Tajik Somoni**

	Notes	Year ended 31 December 2016	Year ended 31 December 2015
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of share capital		15,560	-
Repayment of due to banks and other financial institutions		<u>(86,062)</u>	<u>-</u>
Net cash inflow from financing activities		(70,502)	-
Effect of exchange rate changes on the balance of cash held in foreign currencies		1,296	1,682
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(15,895)	105,399
CASH AND CASH EQUIVALENTS, beginning of year	12	<u>204,800</u>	<u>99,401</u>
CASH AND CASH EQUIVALENTS, end of year	12	<u><u>188,905</u></u>	<u><u>204,800</u></u>


During the year ended 31 December 2016, interest received and paid by the Bank amounted to 67,833 thousand Somoni and 28,154 thousand Somoni, respectively.

During the year ended 31 December 2015, interest received and paid by the Bank amounted to 77,394 thousand Somoni and 26,367 thousand Somoni, respectively.

On behalf of the Management Board:



Yenten Lama
Chief Executive Officer



Mirzosafar Safarov
Chief Financial Officer

Dushanbe, Republic of Tajikistan
28 February 2017