

Financial statements and independent
auditor's report

Closed joint stock company «The First
MicroFinance Bank»

December 31, 2015

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Independent auditor's report

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To the Shareholders and Board of Directors of Closed Joint Stock Company «The First MicroFinance Bank»

We have audited the accompanying financial statements of the CJSC «The First MicroFinance Bank» (the “Bank”), which comprise the statement of financial position as of December 31, 2015, the 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the CJSC «The First MicroFinance Bank» as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters

The financial statements of the CJSC «The First MicroFinance Bank» for the year ended on December 31, 2014 were audited by other auditors. According to the audit report dated on May 5, 2015, the auditor expressed unmodified opinion.

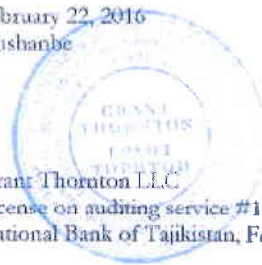


Armen Vanyan
Audit director/Partner
Specialist license on bank audit.
BM № 000011 granted on January 8, 2014



Manvel Harutyunyan
Director/Partner
Specialist license on bank audit.
BM № 0000004 granted on March 15, 2012

February 22, 2016
Dushanbe



Grant Thornton LLC
License on auditing service #15.
National Bank of Tajikistan, February 17, 2011

Statement of profit or loss and other comprehensive income

In thousand Tajik Somoni	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Interest and similar income	6	76,994	68,166
Interest and similar expense	6	(26,324)	(19,573)
Net interest income		50,670	48,593
Fee and commission income	7	2,881	2,958
Fee and commission expense	7	(901)	(606)
Net fee and commission income		1,980	2,352
Gains less losses from foreign currency transactions		12,731	8,538
Other income	8	1,464	1,489
Impairment of credit losses and other assets	9	(19,055)	(6,925)
Staff costs	10	(25,230)	(22,490)
Depreciation of property and equipment	17	(1,677)	(1,676)
Amortization of intangible assets	18	(323)	(339)
Other expenses	11	(20,183)	(15,686)
Profit before income tax		377	13,856
Income tax expense	12	(7,330)	(5,882)
(Loss)/Profit for the year		(6,953)	7,974
Other comprehensive income		-	-
Total comprehensive income for the year		(6,953)	7,974

The accompanying notes on pages 7 to 46 are an integral part of these financial statements.

Statement of financial position

In thousand Tajik Somoni	Notes	As of December 31, 2015	As of December 31, 2014
ASSETS			
Cash and cash equivalents	13	204,800	99,401
Obligatory reserve in NBT	14	15,650	12,188
Amounts due from other financial institutions	15	6,152	246
Loans and advances to customers	16	258,162	292,204
Investments available for sale		-	6,994
Property, plant and equipment	17	6,307	6,063
Intangible assets	18	408	601
Other assets	19	9,691	2,966
TOTAL ASSETS		501,170	420,663
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to financial institutions	20	118,881	120,077
Amounts due to Government	21	39,090	40,840
Amounts due to customers	22	296,965	207,368
Other liabilities	23	5,549	3,176
Current income tax liabilities		1,259	2,623
Total liabilities		461,744	374,284
Equity			
Share capital	24	41,250	41,250
Statutory general reserve		7,480	7,480
Accumulated losses		(9,304)	(2,351)
Total equity		39,426	46,379
TOTAL LIABILITIES AND EQUITY		501,170	420,663

The financial statements from pages 3 to 46 were signed by the Bank's Chief Executive Officer and Chief Financial Officer on February 22, 2016.

The accompanying notes on pages 7 to 46 are an integral part of these financial statements.


 Yenteh Lama
 Chief Executive Officer




 Mirzosafar Safarov
 Chief Financial Officer

Statement of changes in equity

In thousand Tajik Somoni	Share capital	Statutory general reserve	Accumulated loss	Total
Balance as of January 1, 2014	35,000	5,630	(10,325)	30,305
Increase in share capital	6,250	-	-	6,250
Distribution to reserve	-	1,850	-	1,850
Transactions with owners	6,250	1,850	-	8,100
Profit for the year	-	-	7,974	7,974
Total comprehensive income for the year	-	-	7,974	7,974
Balance as of December 31, 2014	41,250	7,480	(2,351)	46,379
Loss for the year	-	-	(6,953)	(6,953)
Total comprehensive income for the year	-	-	(6,953)	(6,953)
Balance as of December 31, 2015	41,250	7,480	(9,304)	39,426

Statement of cash flows

In thousand Tajik Somoni	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows from operating activities		
Profit before tax	377	13,856
<i>Adjustments for</i>		
Impairment charge/(recovery of impairment) for credit losses	19,055	6,830
Foreign currency translation net loss of non-trading assets and liabilities	134	-
Amortization and depreciation allowances	2,000	2,015
Losses from sales of PPE	46	14
Interest receivable	398	(4,379)
Interest payable	(43)	3,614
Cash flows from operating activities before changes in operating assets and liabilities	21,967	21,950
<i>(Increase)/decrease in operating assets</i>		
Statutory reserve in National Bank of Tajikistan	(3,462)	(1,860)
Amounts due from other financial institutions	(5,875)	22,941
Loans and advances to customers	15,835	(95,062)
Other assets	(6,736)	(269)
<i>Increase/(decrease) in operating liabilities</i>		
Amounts due to financial institutions	(2,286)	73,705
Amounts due to Government	(1,750)	(3,039)
Amounts due to customers	87,660	39,969
Other liabilities	2,361	693
Net cash from operating activities before income tax	107,714	59,028
Income tax paid	(8,894)	(3,583)
Net cash from operating activities	98,820	55,445
Cash flows from investing activities		
Purchase of investment securities	-	(6,994)
Proceeds from sale and redemption of investment securities	6,994	-
Purchase of property and equipment	(1,967)	(1,789)
Purchase of intangible assets	(130)	(308)
Net cash from/(used in) investing activities	4,897	(9,091)
Cash flow from financing activities		
Proceeds from issue of share capital	-	6,250
Net cash from financing activities	-	6,250
Net increase in cash and cash equivalents	103,717	52,604
Cash and cash equivalents at the beginning of the year	99,401	46,797
Exchange differences on cash and cash equivalents	1,682	-
Cash and cash equivalents at the end of the year (Note 13)	204,800	99,401
Interest received	77,394	67,542
Interest paid	26,367	19,714