

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Management of the Closed Joint Stock Company "The First MicroFinanceBank"

Opinion

We have audited the financial statements of the Closed Joint Stock Company "The First MicroFinanceBank" (the "Bank"), which comprise the statement of financial position as at December 31, 2021, 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 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 December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (the "IFRS").

Basis for opinion

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

Emphasis of matters

Without qualifying our opinion, we draw attention to Note 17 "Loan to customers". According to calculation of expected credit losses by Bank's IFRS 9 model, amount of allowance for expected credit losses for 2021 is equal to 19,111 thousand somoni. Management of the Bank considering internal and external, economic and geopolitical factors, guided by the principals of prudence, decided to accrue additional allowance for expected credit losses in the amount of 18,109 thousand somoni.

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.

Firdavs Khayrulloev

Director

Baker Tilly Tajikistan LLC

License No. 000014 issued by
the National Bank of Tajikistan

March 14, 2022

Dushanbe, Republic of Tajikistan



CLOSE JOINT STOCK COMPANY "THE FIRST MICROFINANCEBANK"

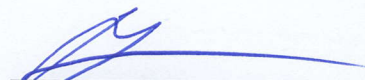
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021**

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest income	4	117,941	106,988
Interest expenses	4	<u>(21,572)</u>	<u>(22,605)</u>
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		<u>96,369</u>	<u>84,383</u>
Accrual of allowance for expected credit losses on interest bearing assets	7	<u>(2,685)</u>	<u>(17,664)</u>
NET INTEREST INCOME		<u>93,684</u>	<u>66,719</u>
Commission income	5	17,630	14,461
Commission expenses	5	(5,378)	(3,659)
Net gain on foreign currency transactions	6	15,696	16,784
Accrual of allowance for impairment losses on other assets	8	(593)	253
Other income, net	9	<u>3,259</u>	<u>2,308</u>
NET NON-INTEREST INCOME		<u>30,614</u>	<u>30,147</u>
Operating expenses	10	<u>(83,000)</u>	<u>(71,862)</u>
PROFIT BEFORE INCOME TAX		<u>41,298</u>	<u>25,004</u>
Income tax	11	<u>(16,345)</u>	<u>(11,427)</u>
NET PROFIT FOR THE YEAR		<u>24,953</u>	<u>13,577</u>
Other comprehensive income		-	-
Total comprehensive income		<u>24,953</u>	<u>13,577</u>

On behalf of the Management of the Bank:


Yenteh Lama
Chief Executive Officer
March 14, 2022
Dushanbe, the Republic of Tajikistan


Zafar Zarenov
Chief Accountant
March 14, 2022
Dushanbe, the Republic of Tajikistan

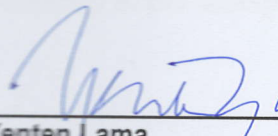
The notes on pages 10-56 form an integral part of the financial statements. The independent auditors' report is on pages 3-4.

CLOSE JOINT STOCK COMPANY "THE FIRST MICROFINANCEBANK"

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(in thousands of Tajik somoni)

	Notes	December 31, 2021	December 31, 2020
ASSETS			
Cash and cash equivalents	12	159,559	109,143
Due from banks	13	262,624	254,118
Obligatory reserve with NBT	14	55,326	25,138
Financial instruments at fair value through profit or loss	15	-	1,698
Investments held to maturity	16	118,705	178,950
Loans to customers	17	470,321	356,931
Property and equipment	18	12,011	13,203
Intangible assets	19	7,370	8,220
Right of use assets	20	12,332	15,816
Long-term assets held for sale	21	3,710	5,701
Deferred tax assets	11	1,971	3,845
Other assets	22	8,605	14,289
TOTAL ASSETS		1,112,534	987,052
SHAREHOLDERS' EQUITY AND LIABILITIES			
LIABILITIES:			
Due to banks and financial institutions	23	3,797	1,189
Customer accounts	24	860,376	753,538
Borrowings	25	51,545	65,988
Lease liabilities	20	11,319	13,008
Other liabilities	26	24,704	16,129
		951,741	849,852
EQUITY			
Share capital	27	93,340	93,340
General reserves		7,480	7,480
Retained earnings		59,973	36,380
		160,793	137,200
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,112,534	987,052

On behalf of the Management of the Bank:


 Yenten Lama
 Chief Executive Officer

March 14, 2022
 Dushanbe, the Republic of Tajikistan




 Zafar Zarenov
 Chief Accountant

March 14, 2022
 Dushanbe, the Republic of Tajikistan

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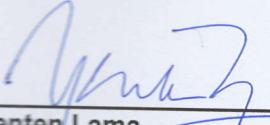
CLOSE JOINT STOCK COMPANY "THE FIRST MICROFINANCEBANK"

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021**


(in thousands of Tajik somoni)

	Note	Share capital	General reserves	Retained earnings	Total equity
Balance at December 31, 2019 (restated)		<u>93,340</u>	<u>7,480</u>	<u>22,803</u>	<u>123,623</u>
Total comprehensive income		-	-	13,577	13,577
Balance at December 31, 2020		<u>93,340</u>	<u>7,480</u>	<u>36,380</u>	<u>137,200</u>
Dividends tax	27	-	-	(1,360)	(1,360)
Total comprehensive income		-	-	24,953	24,953
Balance at December 31, 2021		<u>93,340</u>	<u>7,480</u>	<u>59,973</u>	<u>160,793</u>

On behalf of the Management of the Bank:


Yenten Lama
Chief Executive Officer




Zafar Zarenov
Chief Accountant

March 14, 2022
Dushanbe, the Republic of Tajikistan

March 14, 2022
Dushanbe, the Republic of Tajikistan

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CLOSE JOINT STOCK COMPANY "THE FIRST MICROFINANCEBANK"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		41,298	25,004
Adjustments for:			
Change in allowance for expected credit losses on interest bearing assets	7	2,685	17,664
Change in allowance for expected credit losses on other assets	8	593	(253)
Depreciation of property and equipment and amortization of intangible assets		3,734	3,425
Depreciation of Right-of-use asset		5,756	5,467
Loss on disposal of property and equipment	9	-	209
Losses on foreign exchange differences	6	200	40,195
Net interest income	4	(96,369)	(84,383)
Cash flows before changes in operating assets and liabilities		(42,103)	7,328
Changes in operating assets and liabilities:			
Decrease / (increase) in operating assets:			
Due from banks		(1,158)	(36,934)
Obligatory reserve with NBT		(30,544)	16,658
Financial instruments at fair value through profit or loss		1,522	(2,098)
Long-term assets held for sale		1,390	2,407
Loans to customers		(113,426)	7,554
Other assets		5,701	(72)
Increase / (decrease) in operating liabilities:			
Customer accounts		111,449	57,466
Due to banks and financial institutions		2,634	(88)
Other liabilities		7,935	455
Outflow from operating activities before taxation and interest		(56,600)	52,676
Interest received		113,874	104,743
Interest paid		(21,750)	(21,821)
Income tax paid		(13,718)	(18,417)
Net cash outflow from operating activities		21,806	117,181

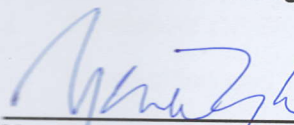
CLOSE JOINT STOCK COMPANY "THE FIRST MICROFINANCEBANK"

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

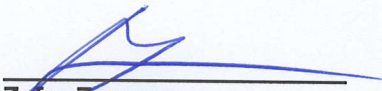
(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	18	(1,323)	(5,688)
Proceeds from disposal of investments		170,897	(84,450)
Purchase of intangible assets	19	<u>(78)</u>	<u>(3,090)</u>
Net cash outflow from investing activities		<u>169,496</u>	<u>(93,228)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends tax paid	27	(1,360)	-
Proceeds from disposal of property, plant and equipment		-	6
Proceeds from/(principal payments on) borrowings, net		(14,060)	(19,729)
Payment of lease liabilities	20	<u>(3,961)</u>	<u>(4,000)</u>
Net cash inflow from financing activities:		<u>(19,381)</u>	<u>(23,723)</u>
Effect of changes in exchange rates on cash and cash equivalents		<u>(4,843)</u>	<u>40,092</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>167,078</u>	<u>40,322</u>
CASH AND CASH EQUIVALENTS, at the beginning of the year	12	<u>354,352</u>	<u>314,030</u>
CASH AND CASH EQUIVALENTS, at the end of the year	12	<u>521,430</u>	<u>354,352</u>

On behalf of the Management of the Bank:


Yenter Lama
Chief Executive Officer




Zafar Zarenov
Chief Accountant

March 14, 2022
Dushanbe, the Republic of Tajikistan

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