

CJSC "Kafolatbank"

Financial Statements for the year
ended December 31, 2015 and
Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT**To the Shareholders and the Board of Directors of CJSC "Kafolatbank"**

We have audited the accompanying financial statements of Closed Joint-Stock Company "Kafolatbank", which comprise the statement of financial position as at December 31, 2015, the statement profit and loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 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 entity'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 entity'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 presents fairly, in all material respects the financial position of CJSC "Kafolatbank" as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Firuz Bulbulov

Partner

License dated 15 June 2012
issued by the National Bank of TajikistanQualification certificate of auditor
№35 dated 13 October 2011 issued
by National Bank of Tajikistan

Dushanbe:



Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the year ended December 31, 2015

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, is made with a view to distinguishing the respective responsibilities of management of OJSC Kafolatbank (the Bank) and those of independent auditor in relation to the Bank's financial statements.

Management of the Bank is responsible for preparation of the financial statements that presents fairly the financial position of the Bank as at December 31, 2015, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

In preparing the financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Preparing the financial statements on going concern basis, unless it is inappropriate to presume that the Bank will continue business in the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, through out the Bank
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Bank and which enable them to ensure that the financial statements of the Bank comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Tajikistan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Bank; and
- Detecting and preventing fraud and other irregularities

On behalf of the Management


Payrovdinnabi A. A.
Chairman of the Board





Burhonov S.M.
Chief Accountant

CJSC "KAFOLATBANK"

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

	Note	2015 TJS	2014 TJS
ASSETS			
Cash and cash equivalents	6	9 138 420	9 477 756
Balances with NBT	7	51 790 640	21 314 663
Due from other banks	8	70 688 780	48 413 083
Equity investments	9	619 700	619 700
Loans to clients	10	31 076 227	36 914 220
Deffered tax assets	26	845 643	366 319
Other assets	11	4 590 530	2 481 856
Fixed and intangible assets	12	7 094 708	7 590 758
Total assets		175 844 648	127 178 355
LIABILITIES			
Deposits from customers	13	36 674 688	13 358 844
Due to other banks	14	77 383 154	55 686 743
Profit tax liabilities	15	420 272	325 624
Other liabilities	16	1 919 026	1 044 528
Total liabilities		116 397 140	70 415 739
EQUITY			
Share capital	17	50 532 000	50 532 000
Revaluation surplus		2 191	2 191
General reserve	18	2 228 425	1 332 390
Retained earnings		6 684 892	4 896 035
Total equity		59 447 508	56 762 616
Total equity and liabilities		175 844 648	127 178 355

The annexed notes 1 to 32 form an integral part of these financial statements.


Payrovdinnabi A. A.
Chairman of the Board


Burhonov S. M.
Chief Accountant

CJSC "KAFOLATBANK"
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 TJS	2014 TJS
Interest income	19	17 116 818	13 667 676
Interest expense	20	(2 515 185)	(1 163 105)
Net interest income		14 601 633	12 504 571
Provision for possible loan losses	10,2	(2 115 554)	(2 671 258)
Net interest income after provisions		12 486 079	9 833 313
Fee and commission income	21	1 829 236	3 130 570
Fee and commission expenses	22	(164 556)	(252 852)
Net fee and commission income		1 664 680	2 877 718
		14 150 759	12 711 031
Administrative expenses	23	(5 718 771)	(6 174 666)
Other income	24	782 527	289 715
Net (loss)/gain from foreign currency operations	25	359 108	(337 900)
Profit before taxation		9 573 623	6 488 180
Taxation	26	(2 888 731)	(2 232 145)
Profit after taxation		6 684 892	4 256 035
Other comprehensive income		-	-
Total comprehensive income		6 684 892	4 256 035

The annexed notes 1 to 32 form an integral part of these financial statements.

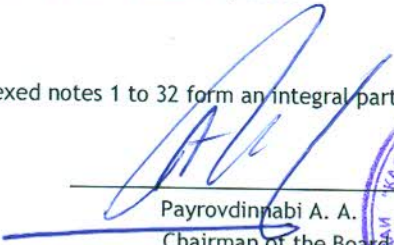
Payrovdinnabi A. A.
Chairman of the Board

Burhonov S. M.
Chief Accountant


CJSC "KAFOLATBANK"
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

	Share capital	Revaluation surplus	General reserve	Retained earnings	Total
	TJS	TJS	TJS	TJS	TJS
BALANCE AS AT JANUARY 1, 2014	50 532 000	2 191	682 809	6 289 581	57 506 581
Profit for the year	-	-	-	4 256 035	4 256 035
Dividends	-	-	-	(5 000 000)	(5 000 000)
Transfer from profit to general reserve	-	-	649 581	(649 581)	-
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	649 581	(1 393 546)	(743 965)
BALANCE AS AT DECEMBER 31, 2014	<u>50 532 000</u>	<u>2 191</u>	<u>1 332 390</u>	<u>4 896 035</u>	<u>56 762 616</u>
Profit for the year	-	-	-	6 684 892	6 684 892
Dividends	-	-	-	(4 000 000)	(4 000 000)
Transfer from profit to general reserve	-	-	896 035	(896 035)	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	896 035	1 788 857	2 684 892
BALANCE AS AT DECEMBER 31, 2015	<u>50 532 000</u>	<u>2 191</u>	<u>2 228 425</u>	<u>6 684 892</u>	<u>59 447 508</u>

The annexed notes 1 to 32 form an integral part of these financial statements.


Payrovdinnabi A. A.
Chairman of the Board




Burhonov S. M.
Chief Accountant

CJSC "KAFOLATBANK"
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 TJS	2014 TJS
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	6 684 892	4 256 035
Adjustment for non cash items :		
Depreciation and amortization	573 104	621 509
Provision for possible loan losses/(loans written off)	2 115 554	2 671 258
Collaterals available for sale written-off	1 086 127	1 709 775
	<u>3 774 785</u>	<u>5 002 542</u>
	10 459 677	9 258 577
(Increase)/decrease in operating assets		
Due from NBT	(30 475 977)	(10 973 588)
Due from other banks	(22 275 697)	(7 705 161)
Equity investments	-	-
Loans to clients	3 722 439	(230 842)
Deffered tax assets	(479 324)	(366 319)
Other assets	(3 194 801)	(2 368 048)
	<u>(52 703 360)</u>	<u>(21 643 958)</u>
Increase/(decrease) in operating liabilities		
Deposits from customers - net	23 315 844	(2 310 478)
Due to other banks	21 696 411	16 877 380
Profit tax liabilities	94 648	(223 722)
Other liabilities	874 498	607 866
	<u>45 981 401</u>	<u>14 951 046</u>
	3 737 718	2 565 665
Net cash outflow from operating activities	3 737 718	2 565 665
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment acquired	(91 611)	(90 775)
Property and equipment diposal	14 557	-
Net cash outflow from investing activities	<u>(77 054)</u>	<u>(90 775)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in share capital	-	-
Dividends paid to share holders	(4 000 000)	(5 000 000)
Net cash inflow from financing activities	<u>(4 000 000)</u>	<u>(5 000 000)</u>
Increase in cash and cash equivalents	(339 336)	(2 525 110)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9 477 756	12 002 866
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>9 138 420</u>	<u>9 477 756</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

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Chief Accountant

