



OPEN JOINT STOCK COMPANY “ORIENBANK”

Financial Statements
for the year ended December 31, 2020

and independent auditors' report



INDEPENDENT AUDITORS' OPINION

To the Shareholders and the Supervisory Board of the OJSC "Orienbank":

Opinion

We have audited the accompanying financial statements of the Open Joint Stock Company "Orienbank" (the "Bank"), which comprise the statement of financial position as at December 31, 2020 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 a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements present fairly, in all material respects, financial position of the Bank as at December 31, 2020, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (hereafter, 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 matter

Without qualifying our opinion, we draw your attention to Note 32 of the financial statements, where it is stated that as of the reporting date the Bank has a negative foreign exchange position in USD currency in the amount of 655,626 thousand somoni (in 2019: negative in the amount of 846,236 thousand somoni)

We draw your attention to Note 17 of the financial statements, where it is stated that the Bank calculates expected credit loss allowance on the loan portfolio in accordance with IFRS 9 "Financial Instruments" (hereinafter "IFRS 9"), which differs from the provision calculated in accordance with the requirements of the National Bank of Tajikistan (hereinafter "NBT"). The allowance for impairment of loans issued calculated in accordance with IFRS amounted to 1,182,810 thousand somoni and the allowance calculated according to the NBT amounted to 1,090,366 thousand somoni.

The "Other fixed assets" category is a teahouse built by the Bank in Dangara, Khatlon region in 2011 and is a non-core asset. The management of the Bank intends to attract finance secured against this property during 2021. Present financial statements do not include any adjustments that could arise as a result of execution of this transaction.

Key audit matters

Evaluation of fixed assets

In 2016, the Bank had revaluated its property and equipment under the category “buildings” in accordance with IAS 16 “Property, plant and equipment”. The revaluation was carried out in order to more accurately reflect the fair value of the owned buildings. The Bank believes that the model of accounting at fair value reflects better the financial position of the assets. The revaluation adjustment was accounted in accordance with the requirements of IAS 16 “Property, plant and equipment” and IAS 8 “Accounting policies, changes in accounting estimates and errors” on a prospective basis. The Bank’s management believes that the market conditions have not changed as a result of which the fair value of property, plant and equipment equals their carrying amount.

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.

Khairullaev Frdavs

Director,

Auditor Licence of the Republic of Tajikistan № 0000115, issued
by the National Bank of Tajikistan from January 22, 2020

Baker Tilly Tajikistan LLC

License # 0000063 issued by the National Bank of Tajikistan from
December 28, 2016.

April 15, 2021

Dushanbe, Republic of Tajikistan




OJSC "ORIENBANK"

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020**
(in thousands of Tajik Somoni)

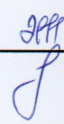
	Notes	Year ended December 31, 2020	Year ended December 31, 2019
Interest income	5	566,003	533,764
Interest expenses	5	(213,655)	(204,901)
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS ISSUED		352,348	328,863
Accrual of allowance for expected credit losses on loans to customers	17	(46,864)	(225,735)
NET INTEREST INCOME		305,484	103,128
Commission income	6	75,725	98,605
Commission expenses	6	(15,894)	(11,097)
Net (loss)/gain on operations with financial instruments	7	(136,185)	1,415
Net gain on foreign exchange transactions	8	159,521	81,288
Accrual of allowance for impairment and expected credit losses	9	(13,814)	(11,890)
Other non-operational (expenses)/income, net	10	(18)	1,098
NET NON - INTEREST INCOME		69,335	159,419
Operating expenses	11	(166,397)	(154,264)
PROFIT BEFORE INCOME TAX		208,422	108,283
Income tax	12	(72,074)	(55,571)
PROFIT FOR THE YEAR		136,348	52,712
Other comprehensive income:		-	-
TOTAL COMPREHENSIVE INCOME		136,348	52,712
Earnings per share, basic and diluted		28.12	11.44

On behalf of the Management:


Asadullozoda Hasan
Chairman

April 15, 2021

Dushanbe, Republic of Tajikistan


Khamitov Konstantin
Chief Accountant

April 15, 2021

Dushanbe, Republic of Tajikistan


The notes on pages 11-60 form an integral part of the financial statements. The Independent Auditors' Report is on pages 3-5.

OJSC "ORIENBANK"

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020 (in thousands of Tajik somoni)

	Notes	December 31, 2020	December 31, 2019
ASSETS:			
Cash and cash equivalents	13	438,456	500,962
Obligatory reserves at the National Bank of Tajikistan	14	71,416	99,375
Due from banks	15	552,587	204,178
Financial instruments at fair value through profit or loss	16	-	4,854
Loans to customers	17	2,397,541	1,589,619
Investments	18	3,472	8,472
Property and equipment	19	439,915	443,672
Intangible assets	20	7,467	7,828
Long-term assets held for sale	21	2,333	5,571
Deferred tax assets	12	7,077	2,385
Other assets	22	30,717	20,374
TOTAL ASSETS		3,950,981	2,887,290
LIABILITIES AND EQUITY:			
Due to banks and financial institutions	23	38,315	62,168
Financial instruments at fair value through profit or loss	16	131,330	-
Customer accounts	24	1,834,512	1,603,725
Borrowings and notes payable	25	1,085,289	516,554
Other liabilities	26	38,907	18,565
		3,128,353	2,201,012
EQUITY:			
Share capital	27	484,862	484,860
Revaluation reserve on property and equipment	19	86,948	88,209
General reserves		108,348	108,348
Retained earnings		142,470	4,861
		822,628	686,278
TOTAL LIABILITIES AND EQUITY		3,950,981	2,887,290

On behalf of the Management:


Asadullozoda Hasan
Chairman

April 15, 2021

Dushanbe, Republic of Tajikistan


Khamitov Konstantin
Chief Accountant

April 15, 2021

Dushanbe, Republic of Tajikistan

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