



2022

ANNUAL REPORT



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An abstract graphic featuring a light gray background with several concentric circles on the left side. A thick blue diagonal band runs from the top-left towards the bottom-right, bisecting the circles. A large white circle is positioned on the left side of the blue band, containing a large gray number '1'. To the right of the blue band, the text 'ABOUT ORGANIZATION' is written in white, bold, uppercase letters.

1

ABOUT ORGANIZATION



HISTORY OF DEVELOPMENT

IMON INTERNATIONAL has been operating in the financial market since 1999, having started its activity in 1999 as an international project within the framework of the monetization program conducted by the National Association of Business

Women of Tajikistan in partnership with the international non-governmental organization Mercy Corps with financial support from the program of the American Agency for International Development (USAID).

The National Association of Business Women of Tajikistan was established in July 1996 with the aim of promoting the economic rights of women in the labour market and creating favourable conditions for the development of women's entrepreneurship.

Business training provided by NABWT, loans under the Microcredits in Tajikistan Project, technical advice from business consultants from NABWT to start-up entrepreneurs, as well as effective promotion of a favourable legal environment, allowed the National Association of Business Women of Tajikistan and its partner Mercy Corps to establish a Microcredit Fund "IMON", which began its activity on July 1, 2005.

In order to expand the regions of its activity, increase the number of client base, as well as the need to create a legal basis for attracting foreign investment, in 2008 the Fund's Founders decided to establish a commercial Microlending Organization "IMON INTERNATIONAL". Following a successful transformation process, the new Organization began its operations on July 1, 2008.

The creation of a commercial structure made it possible to attract foreign investors and foreign creditor partners to the Organization. This, in turn, has empowered the Organization and contributed to significant progress. The long-term vision of the Founders and Shareholders of MLO "IMON International", a stable course for sustainable development, as well as the need to expand the range of financial services provided, allowed MLO "IMON INTERNATIONAL" to undergo another transformation, after which a license was obtained from the National Bank of the Republic of Tajikistan dated January 7, 2013 and "IMON INTERNATIONAL" became a microcredit deposit organization.

"IMON INTERNATIONAL" has confidently passed a systematic path of development from the Project, a financial fund and a microfinance organization, to a universal microcredit and deposit organization licensed by the National Bank of the Republic of Tajikistan. During this period, the organization has become one of the largest financial institutions in the Republic of Tajikistan.

At the moment, IMON INTERNATIONAL has 127 Banking Service Centers throughout the country and more than 270,000 loyal customers who receive prompt and high-quality service on an ongoing basis.



ACHIEVEMENTS

In February 2022, MDO IMON INTERNATIONAL successfully passed certification according to the Principles of Customer Protection and received the highest possible rating - "Golden Certificate".

The GOLD level is the highest level of certification and means that IMON INTERNATIONAL complies with the most stringent customer protection principles set out in the Universal Standards for Social Performance Management.



Note that IMON INTERNATIONAL is the only financial organization in the Republic of Tajikistan that holds this certificate. The international rating company "MicroFinanza Rating", certified by the World Bank Group - CGAP for the assessment of microcredit organizations and banks, conducted an international social rating assessment of the activities of MDO "IMON INTERNATIONAL" and in January 2022 assigned rating sA-.

As part of the social rating, the following aspects and areas of the organization's activities were analyzed: social mission, social strategy, balance between financial and social activities, social monitoring, prevention of excessive customer debt, transparency, responsible pricing, confidentiality of customer data, social responsibility towards employees and community, environmental protection, accessibility, quality and flexibility of the services provided.

After a thorough analysis of the Company's activities, the international rating agency MFR assigned CJSC MDO "IMON INTERNATIONAL" an institutional rating of α -high. Good corporate governance, risk management, internal controls, high capital adequacy, and low exposure drive this assessment to liquidity and market risks.

The previous institutional a- medium rating was assigned to the Company in November 2021, and the new a- high rating received in November 2022 is an indicator of reliability and growth in the financial market of Tajikistan.





STRENGTHENING AGRICULTURE IN THE REPUBLIC OF TAJIKISTAN

At the end of January 2022, the Ministry of Economic Development and Trade of the Republic of Tajikistan and IMON INTERNATIONAL agreed to jointly promote the strengthening of agriculture and the competitiveness of the food value chain by providing working capital, as well as increasing the availability of long-term financing in the Tajik currency Somoni (TJS) for agricultural machinery and special equipment.

To achieve this goal, the Ministry of Economic Development and Trade provided CJSC MDO "IMON INTERNATIONAL" with a loan in the amount of up to 2 million EURO in the national currency. The purpose of the loan is to finance suitable sub-borrowers to ensure the sustainable development of agricultural lending, focused on financing producers, processors, suppliers of small and medium-sized enterprises active in the agri-food industry.





GEFF TAJIKISTAN PROJECT

At the beginning of August 2022, IMON INTERNATIONAL, the leading microfinance organization in Tajikistan, received new funds in the amount of USD 6 million.

Thousands of small and micro businesses across Tajikistan will be able to continue their operations and adopt green technologies thanks to a financial package of up to USD 6 million mobilized by the European Bank for Reconstruction and Development (EBRD) for the country's leading microfinance institution, IMON INTERNATIONAL

The package will consist of a start-up loan of up to USD 2 million, enabling IMON INTERNATIONAL to provide much-needed funding to local micro-enterprises. Sub-loans are expected to be issued in Tajik somoni to protect borrowers from foreign exchange risks.

The rest of the package, up to USD 4 million, will be provided under the EBRD's Green Economy Financing Facility (GEFF), which will help increase access to green technologies for local households and small local businesses in Tajikistan.





EDB Country Strategy for the Republic of Tajikistan for 2022-2026

The Eurasian Development Bank (EDB) allocated USD 2.6 million to support micro and small businesses in the Republic of Tajikistan. Funds for the development of private business in the manufacturing sector, agriculture, as well as in the sectors of trade and services will be provided to borrowers through the financing of CJSC MDO "IMON INTERNATIONAL".

The Deputy Chairman of the Board of the EDB, Ruslan Dalenov and the Chairman of the Board of CJSC MDO IMON INTERNATIONAL, Andrey Palka signed the agreement on this at the beginning of December 2022. The ceremony was held as part of the presentation of the EDB Country Strategy for the Republic of Tajikistan for 2022–2026.

In order to reduce the cost of borrowed funds for their final recipients, the Bank subsidizes the interest rate under the program of the Technical Assistance Fund.





Supervisory Board



**Michael
Hoffmann**

Chairperson of the Supervisory Board

Investment Advisor at Zeebrug Advisory. Michael Hoffmann is a Senior Executive Manager with extensive banking knowledge and experience in emerging markets across Europe and Eurasia.



**Stefan
Queck**

Member of the Supervisory Board

Expert in the development of international finance and access to financial topics in private and public institutions



**Ferdinando
Pelazzo**

Member of the Supervisory Board

Advisor to the Board of the Association of Russian Banks, Advisor to the Sovereign Fund of the Republic of Armenia (ANIF). Member of the Business Ethics Committee under the Patriarch of the Russian Orthodox Church



**Vano
Baliashvili**

Member of the Supervisory Board

International project consultant at TBC Bank Group PLC, in the Greenfield Bank launch project in Uzbekistan



Supervisory Board



**Anton
Eruntsov**

Member of the Supervisory Board

Founder of Kinbote Management, a management and technology consulting company headquartered in Ras Al Khaimah, UAE.



**Malkhaz
Dzadzua**

Member of the Supervisory Board

Senior Executive Director and Business Leader with over 20 years of development finance management experience, including 15 years as CEO of a leading MFI in Georgia.



**Joyce Bontrager
Lehman**

Member of the Supervisory Board

International consultant on financial access and development in developing countries



**Grigory
Chorayan**

Member of the Supervisory Board

Member of the Supervisory Board. He has over 25 years of professional experience in the treasury and financial markets departments of financial institutions. For 4 years (2017-2021) he served as Vice President of a large international financial holding



Management



**Palka
Andriy**

Chairman of the
Management Board

Date of birth : 17.11.1977

Education : Lviv State University after Ivan
Franko. Master in Economics

**Start of employment in the
Organization :** 15.07.2021



**Akbarov
Bakhodur**

Chief Operating Officer

Date of birth : 27.10.1977

Education : Khujand State University after
B. Gafurov majoring in: "Accounting, control
and analysis of economic activity"

**Start of employment in the
Organization :** 01.07.2000



**Inoyatov
Akbarjon**

Business Director

Date of birth : 10.06.1981

Education : Institute of Tax and Law,
specialty: "Customs", Master of MBA -
Financial Engineering, Tajik State
University of Law, Business and Politics
majoring in: "Finance and Credit";
Master MBA - Financial Engineering

**Start of employment in the
Organization :** 01.06.2006



Management



Yusupov

Umed

Chief Risk Officer

Date of birth : 10.05.1980

Education : Tajik State University of Law, Business and Politics majoring in Banking Management;
Steinbeis University of Berlin, MBA Master of Business Administration in International Management

Start of employment in the

Organization : 19.07.2001



Rajabov

Gairatjon

Chief Compliance Controller

Date of birth : 05.02.1977

Education : Khujand State University named after academician B. Gafurov, specialty "Engineer-economist"

Start of employment in the

Organization : 09.04.2018

Top managers are those who lead the Organization along the planned strategic directions, under the leadership of the Chairman of the Board. Each of them has its own very important niche: business (finding ways to increase sales, increase the client base, open new representative offices and transform old ones, and many others), risks (effective management of credit, market and operational risks of the Organization in order to reduce the likelihood of adverse outcome and minimization of possible losses), finance (raising new funds for the working capital of the organization, managing its liquidity, correct budgeting to achieve the intended financial results).

The background features a light gray gradient with several thin, white concentric circles. Four curved arrows, also in white, point clockwise from the top-left, top-right, bottom-right, and bottom-left towards the center. The number '02' is prominently displayed in the center-left, with the '0' and '2' in a bold, white, sans-serif font. Behind the number is a large, blue, stylized 'X' shape that spans most of the width of the image.

02

**BUSINESS
INDICATORS**



Business indicators in 2022

Total loan portfolio

1 bill. 257 mill. +17,1%

Active portfolio*

111 452 thou +4,1%

Active clients

Total deposit portfolio

648 mill 737 thou +17,4%

Remaining deposit portfolio*

563 547 +14,6%

Number of active accounts

Money transfers

1 bill 924 mill +16,4%

Total amount of money transfers*

765 mill 447 thou

Share of Sberbank Online transfers*



Regions of presence



Number of offices

* Currency in somoni



Business indicators in 2022

Plastic cards

97 825 thou +23%

Number of active cards for all time

22 326 thou

Number of issued cards

POS - Terminals and ATMs

131

Number of POS - Terminals

56

Number of ATMs



Mobile Banking Users 2021



Mobile Banking Users 2022

* Currency in somoni

The image features a large, stylized number '3' in a light blue color, centered within a white circle. This circle is partially overlaid by a dark blue, diagonal, arrow-like shape pointing towards the right. The background is a light blue gradient. To the left of the central circle, there are several concentric, thin light blue circles. A small black dot is positioned on the outermost of these circles, with a curved arrow pointing from it towards the right. Another small black dot is located further to the right, also with a curved arrow pointing towards the right. The overall design is clean and modern, using a limited color palette of blues and white.

3

**SUSTAINABLE
DEVELOPMENT**



- **327**
number of new jobs created,
169 men, 158 women
- **262**
number of
trainings
- **36**
average age of
employees
- **50**
golden employees of IMON
INTERNATIONAL
- **1**
Number of new offices

The background features a light gray gradient with several thin, white concentric circles. Four curved arrows, also in white, point clockwise from the top-left towards the bottom-right, creating a sense of motion or a cycle.

04

STRATEGIC REPORT



In the past year, the economy of Tajikistan continued its solid growth path despite the overall geopolitical turbulences. Correspondingly, the banking sector expanded dynamically with overall increased lending volumes. IMON International further developed and dedicated its resources to support Micro and SME businesses, in particular in rural areas. We stay firm in our belief that building client relationships with the aim of promoting the development of our customers is the foundation of IMON's long-term success.

Steady expansion of lending to business clients

In 2022, IMON International steadily expanded its lending activities accross all product lines with a clear focus on serving Micro and SME clients. As a result of our commitment to responsible lending practices we were able to further improve the quality of our loan portfolio to a sound level. In 2022, about 19463 Micro entrepreneurs and 1055 SME customers countrywide chose IMON International as their main banking partner. Together with our clients we are constantly working to improve our offerings and to further increase accessibility.

Trusted Partner

IMON International continues to be a leading Microfinance institution in Tajikistan, not only in terms of size of its loan portfolio and the widespread service network but also in terms of its responsible and transparent banking practices. Continuous training programs for our employees and various social campaigns were organized for different segments of society. A good example of our social mission is a seminar organized in 2022 for female entrepreneurs in order to improve their financial literacy and skills which included learning about tools for running their business through social networks.

Clear mission and strategy

Our strategic direction is clear: IMON International aspires to be a leading financial institution in Tajikistan providing financial services to Micro and SME entrepreneurs with a focus on rural areas. We are fully aware of the responsibilities which come with this leading position. As a matter of fact, IMON International's corporate governance is aimed at serving these responsibilities by creating value for all our stakeholders, including our clients, staff, shareholders and the society as a whole. By pursuing our strategic goals we will continue to apply highest standards of sound banking and of client protection.

Our large customer base gives us a strong platform to continue the focused expansion. IMON International's team is well positioned to tackle the challenges of continuing the organisation's successful development.

Best regards, Michael Hoffman

Chairperson of the Supervisory Board



Dear partners, customers, colleagues! The main result of our work in 2022 was the growth of all business indicators and the quality of customer service. At the end of the year, MDO "IMON INTERNATIONAL" received a record annual net profit of 29 million somoni.

In 2022, IMON INTERNATIONAL became the owner of the sA- rating from MicroFinanza Rating, and the Gold level in the **CERISE – SPTF** customer protection principles certification, which is a confirmation of the high reliability and quality of service for our customers.

MDO "IMON INTERNATIONAL" is a universal financial institution for the population and business. Our goal is to provide customers with the maximum choice of options. We strive to create relevant financial products that meet the needs of society. Flexible conditions and an individual approach to the customer – this is the official position of the bank.

We express our gratitude to all shareholders, partners and customers for their trust and support. We look forward to further mutually beneficial cooperation. We express our special gratitude to the employees of MDO "IMON INTERNATIONAL", whose high professionalism and creative attitude to business contributes to the successful development of the business.

Attracting the attention of the customers, earning their trust, satisfying their needs – these are the main tasks that the efforts of the entire team are aimed at.

Sincerely, Andriy Palka

Chairman of the Management Board of "IMON INTERNATIONAL"



MISSION

Provide competitive financial services to micro and small business entrepreneurs, thereby contributing to the economic development of Tajikistan and improving the quality of life of the population



VISION

To be a dynamic progressive financial institution providing a wide range of innovative transparent financial services for the population of the Republic of Tajikistan.



VALUES

Competence and professionalism
Honesty and justice
Responsibility
Openness and accessibility
Customer focus



GLOBAL MONEY WEEK

As part of the financial literacy week, throughout April 2022, the Organization conducted a series of trainings on financial education of youth in the cities of Dushanbe, Khujand, Kulyab, Bokhtar, Zafarabad, Kanibadam, as well as in the Matcha district.

During the training, the participants learned about the basics of financial literacy, about the ways and possibilities of saving money.





IMON SCHOLARSHIP

In 2022, IMON INTERNATIONAL held a campaign for IMON Scholarship students. Students of all universities of the Republic of Tajikistan could take part in the campaign. Participants had to fill out a questionnaire and attach an academic record book to it.

As a result of the campaign, more than 5,000 applications were received from students and more than 50 types of gifts were raffled off, the main of which were scholarships in the amount of 1,000 somoni.

It is planned to use the created base of students to invite for internship and get a job.





KHASANOVA SHAKHNOZA

Shakhnoza Khasanova started her activity in 2006 by founding the private kindergarten “Diloro”.

“Diloro” is not only the place where parents can send their children while they are busy at work. No, on the contrary, this is a place where children can expand their horizons, learn new things together with their peers. “Of course, at the beginning it was difficult,” says Shakhnoza, “we needed a spacious room, gradually more and more parents wanted to send their children to our kindergarten.

Therefore, I decided to take a loan from IMON International to expand the area and develop my business. And I didn't fail! Now we can meet the demand. Highly qualified employees work in the kindergarten – logopedist, psychologist, music and foreign language teachers.”

Psychologists say that children who study in kindergarten learn more skills and abilities that will be useful to them in the future.

In the Diloro kindergarten, children learn how to quickly make friends, how to help each other and be kinder. “Diloro” is an amazing country of childhood and a cozy home for all children.



BOBOEVA MUKARRAMA

The following success story will tell us about the path of Boboeva Mukarrama, who has been our customer for over 10 years.

“In cooperation with IMON International, in 2018 I have established the Laboratory for the Diagnostics of Oncological and Cancer Diseases. Now the population can carry out diagnostics without leaving the country. I am very grateful to the staff of IMON International!” Mukarrama says.

She used the funds received from the loan for the purchase of new modern equipment, training and advanced training of personnel. Thus, she promotes her business of providing medical services to the population.





JAMOLIDDINOVA RANO

Improving the quality of education is a key development factor. Cooperation with educational institutions and assistance in their development is one of the important activities of IMON International.

A striking example of such fruitful cooperation is the Medical College LLC in Babajan Gafurov District. “We have been cooperating with IMON International since 2015.

In 2016, we took out a loan to build a sports hall. In addition, more than 150 college employees have joined the payroll program from IMON International,” Rano Jamoliddinova, Deputy Director on Administrative Affairs, tells us. We are glad that our cooperation is getting closer and we look forward to fruitful work in the future.



OPERATIONAL RISK

Operational risk is the risk of incurring losses in a credit institution as a result of the unreliability of the organization's internal management procedures, the dishonesty of suppliers, information system failure, or impact of external occasions in the organization activities.

Operational risk management is a set of procedures for identifying, assessing, monitoring, controlling and minimizing operational risk. Within the operational risk management,

Organization acts in accordance with the requirements of the Republic of Tajikistan, regulations and instructions of the National Bank of Tajikistan, internal policies and procedures that are aimed at ensuring control over the development of Organization within the strategy implementation.

Operational risk management is carried out in organization using the following operational risk management tools:

- 1) improvement of operational risk management procedures;
- 2) maintaining a system of three lines of defense;
- 3) generation of data base of operational risk occasions and based on this prepare regular operational risk management reporting;
- 4) planning, coordinating and analysis of the results of the self-assessment of operational risks;
- 5) joint development with structural divisions of key indicators of operational risk and threshold value for them;
- 6) planning, coordination of work and scenario analysis;
- 7) development and risk management of the map;
- 8) introduction of a system of risk coordinators for managing operational risk;
- 9) identification of operational risks in the process of coordinating internal regulatory documents, new products, business processes.

The operational risk management policy and risk management procedures are reviewed on a regular basis, considering the requirements of the regulator, reflecting changes in market conditions, offered banking products and services, and emerging best practices.

The board of directors is responsible for the proper functioning of the risk management control system, for managing key risks and approving risk management policies and procedures. Management Board is responsible for monitoring and implementing risk mitigation measures and ensuring that the organization operates within established risk limits.





Statement of profit or loss and other comprehensive income for a year, 31 of December 2022

	For the year ended 31 December 2022
Interest income	332,691
Interest expenses	161,530
NET INTEREST INCOME from PROVISIONS FOR IMPAIRMENT OF ASSETS ON, WHICH INTEREST IS ACCRUED	171,161
(Creation) provision for impairment of assets on which interest is accrued	(1,956)
NET INTEREST INCOME	169,205
Fee and commission income	9,465
Commission expenses	(9,470)
Net expense on operations with financial instruments	14,053
Net income from foreign exchange operations	(27,966)
Creation of provision for securing other assets	2,851
Other net income	1,671

* In thousands of Tajik somoni.



Statement of profit or loss and other comprehensive income for
a year, December 31, 2022

	For the year ended 31 December 2022
NET NON-INTEREST INCOME	12,728
Operational expenses	(143,182)
PROFIT BEFORE INCOME TAX	38,751
Income tax expense	(7,748)
PROFIT FOR THE YEAR	31,003
Other comprehensive income	-
TOTAL COMPREHENSIVE INCOME	31,003

* In thousands of Tajik somoni.



Statement of Financial Position as of 31 Dec. 2022

Assets	December 31, 2022
Cash and their equivalents	86,198
Funds in banks	24,398
Restricted funds	34,093
Financial instruments at fair value through profit or loss	-
Loans granted to clients	1,253,844
Investments in securities	416
Fixed assets	27,747
Intangible assets	6,729
Right-of-Use Assets	19,126
Long-term assets held for sale	1,623
Deferred tax assets	4,645
Other assets	23,409
TOTAL ASSETS	1,482,228

* In thousands of Tajik somoni.



Statement of Financial Position as of 31 Dec. 2022

Liabilities and Equity	December 31, 2022
LIABILITIES	
Due to banks and financial organizations	3,493
Financial instruments at fair value through profit or loss	6,487
Client funds	650,135
Loans received	537,987
Rental obligations	22,243
Other liabilities	10,566
	1,230,911
EQUITY	
Stockholder's equity	111,111
Additional paid up equity	6,255
General reserves	101,842
retained profits	32,109
	251,317
TOTAL LIABILITIES AND EQUITY	1,482,228

* In thousands of Tajik somoni.

The background features a large, stylized blue geometric shape, possibly a letter 'E' or a series of nested triangles, centered on a light blue background. Overlaid on this shape are several thin, white concentric circles that create a ripple effect.

05

**DEVELOPMENT PLANS
FOR 2023**



1 380 083 380 smn

Loan portfolio plan
for 2023



775 026 836 smn

Deposit portfolio
plan for 2023



1 900 000 000 smn

Money transfer plan
for 2023

