

Azizi Bank
Kabul, Afghanistan
Audited Financial Statement for the
Quarter ended 30 June 2024

Report on Review of Condensed Interim Financial Statements to the Shareholders of Azizi Bank

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Azizi Bank** ("the Bank") as at 30 June 2024 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and the notes to the condensed interim financial statements for the six months then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the International Financial Reporting Standards (IFRS) and specifically with the International Accounting Standard (IAS) 34, Interim Financial Statements issued by International Accounting Standards Board (IASB) and in conformity with the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

Except as explained in the following paragraph, we conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of Matters

1. We draw attention to the note no. 1.2 of the financial statements, which indicates that the measures taken by the bank due to events or conditions that may cast significant doubt on Bank's ability to continue as a going concern have been effectively instigated affirmatively. Bank is still committed to continue adopting such further measures to exterminate any additional complications running into the operational activities of the bank due to the existing political situation of the country.
2. We draw attention to the note no. 5.7 of the financial statements, which describes the effects of suspension of "Asset Classifications and Provisioning Regulations" issued by the Da Afghanistan Bank.

Our conclusion is not modified in respect of these matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of the Bank as at 30 June 2024, and of its financial performance and its cash flows for the three months period then ended in accordance with the International Financial Reporting Standards (IFRS) and specifically with the International Accounting Standard (IAS) 34, Interim Financial Statements issued by International Accounting Standards Board (IASB) and in conformity with the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB).

Lynx Eyed Chartered Accountants

Lynx Eyed Chartered Accountants

An independent member firm of Morison Global

Kabul, Afghanistan

Date:



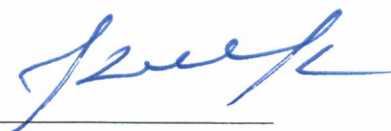
AZIZI BANK**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**

As at 30 June 2024

		Un-audited 30-June-2024	Audited 31-Dec-2023
	Note AFN '000'	
ASSETS			
Cash and bank balances	3	28,948,455	28,184,983
Investments in financial instruments	4	467,296	461,453
Loans and advances to customers	5	2,564,830	2,695,633
Investment in subsidiary	6	1,775,000	1,775,000
Property and equipment	7	831,454	874,698
Intangible assets	8	94,923	131,321
Other assets	9	1,818,785	1,695,915
Total assets		36,500,744	35,819,002
EQUITY AND LIABILITIES			
Liabilities			
Deposits from banks	10	19,518	26,388
Deposits from customers	11	29,319,687	28,932,276
Provision for taxation		33,315	1,495
Other liabilities	12	457,039	321,154
Total liabilities		29,829,558	29,281,313
Equity			
Share capital	13	5,367,400	5,367,400
Retained earnings		1,303,786	1,170,289
Total equity		6,671,186	6,537,689
Total equity and liabilities		36,500,744	35,819,002
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes 1 to 22 form an integral part of these financial statements.


Chief Executive Officer



Chief Financial Officer

AZIZI BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six-month period ended 30 Jun 2024

		Six months ended		Three months ended	
		30-Jun-2024 (Un-audited)	30-Jun-2023 (Un-audited)	30-Jun-2024 (Un-audited)	30-Jun-2023 (Un-audited)
Note	 AFN '000'			
	Interest income	2,759	28,494	1,393	13,509
	Interest expense	(19,904)	(35,421)	(9,897)	(18,186)
15	Net interest income	(17,145)	(6,927)	(8,504)	(4,677)
	Fee and commission income	593,649	482,042	277,981	229,769
	Fee and commission expense	(3,981)	(4,556)	(3,042)	(1,640)
16	Net fee and commission income	589,668	477,486	274,939	228,129
	Operating income	572,523	470,559	266,435	223,452
5	Net impairment (loss) on loans and advances	-	5,583	-	-
17	Employee benefit expenses	(196,421)	(183,449)	(103,142)	(91,702)
7	Depreciation on fixed assets	(48,605)	(59,920)	(23,667)	(26,970)
8	Amortization of intangible assets	(36,399)	(38,918)	(18,191)	(19,344)
	Short term leases	(30,689)	(27,667)	(16,598)	(13,802)
18	Other expenses	(159,820)	(158,166)	(89,095)	(79,744)
	Operating expenses	(471,935)	(462,537)	(250,693)	(231,563)
	Foreign Exchange Gain	36,165	76,917	4,757	29,089
	Gain on disposal of Property and Equipments	-	2,343	(30)	2,343
	Income from loans under recovery	6,257	179	6,257	-
	Other operating income	23,802	32,279	10,670	14,493
	Non-operating income	66,224	111,718	21,654	45,925
	Profit before taxation	166,812	119,741	37,396	37,814
19	Taxation	(33,315)	(23,947)	(7,432)	(7,562)
	Profit for the period	133,497	95,793	29,964	30,252
Other comprehensive income:					
<i>Items that may be reclassified to profit or loss</i>					
	Surplus / (Deficit) on revaluation of available for sale investments	-	-	-	-
	Related Deferred tax	-	-	-	-
	Total comprehensive (loss) / income for the period	133,497	95,793	29,964	30,252
	Earnings Per Share (AFN)	248.72	178.47	55.83	56.36

The annexed notes 1 to 22 form an integral part of these financial statements.


 Chief Executive Officer


 Chief Financial Officer

AZIZI BANK**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

For the six-month period ended as at 30 Jun 2024

	Share capital	Retained earnings	Surplus / (Deficit) on revaluation of AFS investments	Total
 AFN '000'			
Balance as at January 01, 2023 - audited	5,367,400	1,160,612	-	6,528,012
Profit for the period		95,793	-	95,793
Other comprehensive income:				
Fair value reserve	-	-	-	-
Related tax	-	-	-	-
Total comprehensive income	-	95,793	-	95,793
Balance as at June 30, 2023 - Un-audited	<u>5,367,400</u>	<u>1,256,405</u>	<u>-</u>	<u>6,623,805</u>
Balance as at January 01, 2024 - audited	5,367,400	1,170,289	-	6,537,689
Profit for the period	-	133,497	-	133,497
Other comprehensive income:				
Fair value reserve	-	-	-	-
Related tax	-	-	-	-
Total comprehensive income	-	133,497	-	133,497
Balance as at June 30, 2024 - Un-audited	<u>5,367,400</u>	<u>1,303,786</u>	<u>-</u>	<u>6,671,186</u>

The annexed notes 1 to 22 form an integral part of these financial statements.


Chief Executive Officer



Chief Financial Officer

AZIZI BANK**CONDENSED INTERIM STATEMENT OF CASH FLOWS**

For the six-month period ended 30 Jun 2024

	Un-audited 30-Jun-2024	Un-audited 30-Jun-2023
Note AFN '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	166,812	119,740
Adjustments for:		
Depreciation	7 48,650	59,920
Amortization	8 36,399	38,918
(Re-integration) / Impairment allowance on loans and advances	-	(5,583)
Finance cost on lease liability	3,239	3,239
Foreign exchange gain / (Loss)	(36,165)	(76,917)
	<u>218,934</u>	<u>139,317</u>
Increase / decrease in operating assets and liabilities:		
Loans and advances to customers	130,803	102,229
Other assets	(117,638)	(27,349)
Required deposits with DAB	(5,232)	13,738
Deposits from banks	(6,870)	115,248
Deposits from customers	387,411	(2,031,350)
Other liabilities	135,883	(51,809)
	<u>524,356</u>	<u>(1,879,293)</u>
Tax paid	(1,495)	12
Net cash used in operating activities	<u>741,795</u>	<u>(1,739,964)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment made / investments matured	(5,843)	23,436
Purchase of property and equipment	(5,405)	(1,534)
Purchase of intangible assets	-	(1,498)
Net cash generated from investing activities	<u>(11,249)</u>	<u>20,403</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment against lease liability	(3,239)	(3,239)
Net cash used in financing activities	<u>(3,239)</u>	<u>(3,239)</u>
Net increase in cash and cash equivalents	727,307	(1,722,800)
Cash and cash equivalents at beginning of the period	28,184,983	25,276,020
Effect of exchange rate changes	36,165	76,917
Cash and cash equivalents at the end of the period	<u>28,948,455</u>	<u>23,630,137</u>

The annexed notes 1 to 22 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer