

**Azizi Bank**  
**Audited Financial Statements along with**  
**Accompanying Information**  
**For the year ended as at December 31, 2022**

## INDEPENDENT AUDITORS' REPORT

To the shareholders of Azizi Bank

### *Opinion*

We have audited the financial statements of Azizi Bank ("the Bank"), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity and 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, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Law of Banking in Afghanistan and directives issued by the Central Bank of Afghanistan (DAB).

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Afghanistan, 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*

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. Our opinion is not modified in respect of this matter.
2. We draw attention to the note no. 6.7 and 7.2 of the financial statements, which describes the effects of suspension of "Asset Classifications and Provisioning Regulations" by the Da Afghanistan Bank. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined one key audit matter to communicate in our report;

1. In the prior year auditor's report issued by another auditor, emphasis of matter for material uncertainty relating to going concern of the bank was reported, however as at December 31, 2022 several indications were present to

reinstate the judgement that currently there is no such event or conditions that may cast significant doubt on Bank's ability to continue as going concern as explained in note 1.2 to the financial statements.

#### *Other Matter*

The financial statements of the Bank for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on May 18, 2021.

#### *Responsibility of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and with the requirements of the Law of Banking in Afghanistan and directives issued by the Da Afghanistan Bank (DAB), 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 Responsibility*

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 the 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 scepticism 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.

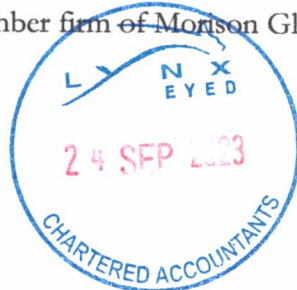
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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's 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.

*Lynx Eyed Chartered Accountants*  
**Lynx Eyed Chartered Accountants**  
An independent member firm of Morison Global  
Kabul, Afghanistan



**AZIZI BANK**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

		2022	2021
	Note	..... AFN '000' .....	
<b>ASSETS</b>			
Cash and bank balances	5	25,276,020	7,700,165
Loans and advances to customers	6	3,149,907	4,442,038
Investments	7	582,724	706,530
Investment in subsidiary	8	1,775,000	1,775,000
Property and equipment	9	1,012,228	1,386,823
Intangible assets	10	203,235	32,374
Non-current assets held for sale	11	268,066	268,066
Other assets	12	1,758,540	2,582,048
<b>Total assets</b>		<b>34,025,720</b>	<b>18,893,044</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Deposits from banks	13	2,000	4,936
Deposits from customers	14	27,063,453	11,839,153
Other liabilities	16	432,256	584,560
<b>Total liabilities</b>		<b>27,497,709</b>	<b>12,428,649</b>
<b>Equity</b>			
Share capital	17	5,367,400	5,367,400
Revaluation surplus / deficit on available for sale investments		-	-
Retained earnings		1,160,611	1,096,994
<b>Total equity</b>		<b>6,528,011</b>	<b>6,464,394</b>
<b>Total equity and liabilities</b>		<b>34,025,720</b>	<b>18,893,044</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	18		

*The annexed notes 1 to 29 form an integral part of these financial statements.*

  
 Chief Executive Officer

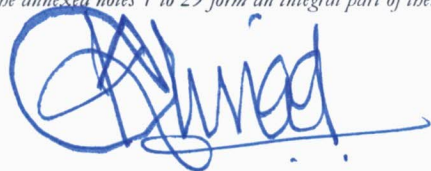
  
 Chief Financial Officer

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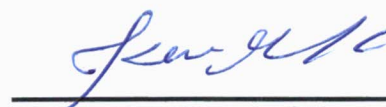
**AZIZI BANK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

		2022	2021
	Note	..... AFN '000' .....	
Interest income	19	173,711	489,014
Interest expense	19	(23,019)	(350,642)
<b>Net interest income</b>		<b>150,692</b>	<b>138,372</b>
Fee and commission income	20	1,129,015	1,008,051
Fee and commission expense	20	(11,870)	(32,473)
<b>Net fee and commission income</b>		<b>1,117,145</b>	<b>975,578</b>
<b>Operating income</b>		<b>1,267,837</b>	<b>1,113,950</b>
Net impairment loss on loans and advances	6	966	(458,893)
Employee benefit expenses	21	(486,677)	(807,661)
Depreciation on fixed assets	9	(207,111)	(246,310)
Amortization of intangible assets	10	(23,871)	(19,423)
Finance cost on leases		(9,853)	(15,142)
Office rent expense		(10,029)	(12,733)
Other expenses	22	(597,279)	(867,822)
<b>Operating expenses</b>		<b>(1,333,853)</b>	<b>(2,427,984)</b>
Foreign exchange gain - net		44,560	978,962
Gain on disposal of property and equipment		18	-
Other operating income	23	92,946	303,017
<b>Non-operating income</b>		<b>137,524</b>	<b>1,281,979</b>
<b>Profit before taxation</b>		<b>71,508</b>	<b>(32,055)</b>
Taxation	24	(7,891)	(32,956)
<b>Profit / (Loss) for the year</b>		<b>63,617</b>	<b>(65,011)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss;</i>			
Surplus on revaluation of available for sale investments		-	-
Related Deferred tax		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>63,617</b>	<b>(65,011)</b>
<b>Earnings per share (AFN)</b>		<b>119</b>	<b>(121)</b>

The annexed notes 1 to 29 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer

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**AZIZI BANK**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Share capital	Revaluation reserve on financial instrument at FVOCI	Retained earnings	Total
	..... AFN '000' .....			
Balance as at January 01, 2021	5,367,400	2,519	1,162,005	6,531,924
Loss for the year	-	-	(65,011)	(65,011)
Other comprehensive income:				
Fair value reserve	-	(3,149)	-	(3,149)
Related tax	-	630	-	630
Total comprehensive income	-	(2,519)	(65,011)	(67,530)
Balance as at December 31, 2021	5,367,400	-	1,096,994	6,464,394
Balance as at January 01, 2022	5,367,400	-	1,096,994	6,464,394
Profit for the year	-	-	63,617	63,617
Other comprehensive income:				
Fair value reserve	-	-	-	-
Related tax	-	-	-	-
Total comprehensive income	-	-	63,617	63,617
Balance as at December 31, 2022	5,367,400	-	1,160,611	6,528,011

*The annexed notes 1 to 29 form an integral part of these financial statements.*

  
 Chief Executive Officer

  
 Chief Financial Officer

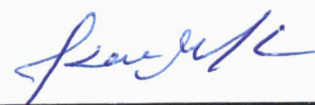


**AZIZI BANK**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
Note	AFN '000'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	71,508	(32,055)
<b>Adjustments for:</b>		
Gain on disposal of property and equipment	(18)	-
Depreciation	9 207,111	246,310
Amortization	10 23,871	19,423
Net impairment loss on loans and advances	6.6 (966)	458,893
Unwinding of discount related to lease liability	9,853	15,142
Foreign exchange gain	(44,560)	(978,962)
	266,799	(271,249)
<b>Increase / decrease in operating assets and liabilities:</b>		
Loans and advances to customers	1,293,097	(80,781)
Other assets	823,505	(263,548)
Right of use assets	-	(19,816)
Deposits from banks	(2,936)	1,242
Deposits from customers	15,224,300	(26,032,646)
Other liabilities	(87,057)	51,745
	17,517,708	(26,615,053)
Tax paid	(7,891)	(76,402)
<b>Net cash used in / generated from operating activities</b>	<b>17,509,817</b>	<b>(26,691,456)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment made / investments divested	123,806	16,723,825
Purchase of property and equipment	(59,454)	(128,208)
Purchase of intangible assets	(194,732)	(7,864)
Proceeds from sale of property and equipment	226,959	33,914
<b>Net cash generated from / (used in) investing activities</b>	<b>96,580</b>	<b>16,621,667</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liability	-	17,065
Payment against lease liability	(75,102)	(115,349)
<b>Net cash used in financing activities</b>	<b>(75,102)</b>	<b>(98,284)</b>
<b>Net increase in cash and cash equivalents</b>	<b>17,531,295</b>	<b>(10,168,073)</b>
Cash and cash equivalents at beginning of the year	7,700,165	16,889,276
Effect of exchange rate changes	44,560	978,962
<b>Cash and cash equivalents at the end of the year</b>	<b>5 25,276,020</b>	<b>7,700,165</b>

The annexed notes 1 to 29 form an integral part of these financial statements.

  
**Chief Executive Officer**

  
**Chief Financial Officer**

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