Azizi Bank Kabul, Afghanistan

Condensed Interim Financial Statements along with Accompanying Information For the quarter ended as at March 31, 2019



Crowe Horwath - Afghanistan

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INDEPENDENT REVIEW REPORT TO SHAREHOLDERS

Introduction

We have reviewed the accompanying Statement of Condensed Interim Financial Position of Azizi Bank ("the bank") as of March 31, 2019, and the related Statement of Condensed Interim Comprehensive Income, Statement of Condensed Interim Changes in Equity and Statement of Condensed Interim Cash Flows for the three month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Law of Banking in Afghanistan and directives issued by the Da Afghanistan Bank (DAB). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2410, which applies to review the historic financial information performed by the independent auditor of the entity. A review of interim financial information 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.

Conclusion

Based on our review, nothing has come to our attention that cause to believe that accompanying interim financial information does not give a true and fair view of the condensed interim financial position of the bank as at March 31, 2019 and of its financial performance and its condensed interim cash flows for the three month period than ended in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB) rules and regulations.

Crowe Horwath Afghanistan

Auditors & Business Advisors Kabul

Crowe Hamalh

Crowe Horwath
Afghanistan

A [12] 2019

Audit | Tax | Advisory | Risk

AZIZI BANK CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

| | | Un-audited | Audited |
|---|------|-------------|-------------|
| | | 31-Mar-2019 | 31-Dec-2018 |
| | Note | AFN | '000' |
| ASSETS | | | |
| Cash and cash equivalents | 5 | 15,060,796 | 12,724,347 |
| Loans and advances to customers | 6 | 6,923,009 | 7,385,811 |
| Investments | 7 | 11,204,095 | 12,870,567 |
| Investment in subsidiary | 8 | 1,775,000 | 1,775,000 |
| Investment in APS | 9 | 19,033 | 18,918 |
| Property and equipment | | 1,025,399 | 1,046,611 |
| Intangible assets | | 35,436 | 39,578 |
| Non-current assets held for sale | | 308,938 | 307,807 |
| Deferred tax | 10 | 6,566 | 9,695 |
| Other assets | 11 | 4,427,526 | 4,276,457 |
| Total assets | | 40,785,798 | 40,454,791 |
| EQUITY AND LIABILITIES | | | |
| Liabilities | | | |
| Deposits from banks | 12 | 3,642 | 3,624 |
| Deposits from customers | 13 | 34,634,732 | 34,278,839 |
| Current tax liability | 14 | 28,466 | 33,676 |
| Other liabilities | 15 | 206,032 | 179,359 |
| Total liabilities | | 34,872,872 | 34,495,498 |
| Equity | | | |
| Share capital | 16 | 5,367,400 | 5,367,400 |
| Revaluation surplus / deficit on available for sale investments | | (26,263) | (38,780) |
| Retained earning | | 571,789 | 630,673 |
| Total equity | | 5,912,926 | 5,959,293 |
| Total equity and liabilities | | 40,785,798 | 40,454,791 |
| | | | ,, |
| Contingencies and commitments | 22 | | |
| | | | |

The annexed notes 1 to 25 form an integral part of these financial statements.

Chief Executive Officer

Kuna Chosh Chief Financial Officer

AZIZI BANK

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2019

| | | Quarter Ended 31-Mar-2019 | Quarter Ended 31-Mar-2018 |
|---|------|------------------------------|------------------------------|
| | Note | AFN | |
| Interest income | 17 | 257,566 | 227,928 |
| Interest expense | 17 | (104,952) | (113,317) |
| Net interest income | | 152,614 | 114,611 |
| Fee and commission income | 18 | 332,497 | 228,626 |
| Fee and commission expense | 18 | (5,311) | (9,324) |
| Net fee and commission income | | 327,186 | 219,302 |
| Operating income | | 479,800 | 333,913 |
| Net impairment reversal/(loss) on loans and advances | 6.2 | 26,871 | (847,625) |
| Provision against time deposits, accrued interest, account receivable and non-funded facilities | | - | 176,625 |
| Employee benefit expenses | 19 | (169,853) | (173,357) |
| Depreciation on fixed assets | | (30,060) | (25,665) |
| Amortization of intangible assets | | (4,141) | (3,612) |
| Operating lease expenses | | (28,194) | (25,696) |
| Other expenses | 20 | (189,466) | (182,245) |
| Operating expenses | | (394,843) | (1,081,574) |
| Foreign Exchange Gain | | 11,255 | 33,874 |
| Gain on disposal of property and equipment | | - | 55 |
| Other income | | 46,117 | 7,208 |
| Non-operating income | | 57,372 | 41,137 |
| Profit / (loss) before taxation | | 142,329 | (706,524) |
| Taxation | 21 | (201,213) | (78,201) |
| Loss for the period | | (58,884) | (784,725) |
| Other comprehensive income: | | | |
| Items that are or may be reclassified to profit or loss; | | | |
| Deficit on revaluation of available for sale investments | | 15,646 | (6,975) |
| Related Deferred tax | | (3,129) | 1,395 |
| | | 12,517 | (5,580) |
| Total comprehensive (loss) /income for the period | | /4/ 2/m | (700 005) |
| period | | (46,367) | (790,305) |

The annexed notes 1 to 25 form an integral part of these financial statements.



Kunnan Church

Chief Executive Officer

Chief Financial Officer

AZIZI BANK CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED MARCH 31, 2019

| | Share capital | (Deficit) on revaluation of available for sale investments | Retained earnings | Total | |
|--|------------------|--|----------------------|-----------|--|
| | AFN '000' | | | | |
| Balance as at January 01, 2019 - (Audited) | 5,367,400 | (38,780) | 630,673 | 5,959,293 | |
| Loss for the period Other comprehensive income: | - | - | (58,884) | (58,884) | |
| Fair value reserve | - | 15,646 | - | 15,646 | |
| Related tax | | (3,129) | - | (3,129) | |
| | - | 12,517 | - | 12,517 | |
| Total comprehensive income | - | 12,517 | (58,884) | (46,367) | |
| Transactions with owners Ordinary share issue/Redemption | - | - | - | - | |
| Balance as at March 31, 2019 - (Un-audited) | 5,367,400 | (26,263) | 571,789 | 5,912,926 | |
| Quarter ended 31 March 2018: | | | | | |
| Balance as at January 01, 2018 - (Audited) | 5,367,400 | - | 463,483 | 5,830,883 | |
| Loss for the period | - | - | (784,725) | (784,725) | |
| Other comprehensive income: | | | | | |
| Fair value reserve | - | (6,975) | - | (6,975) | |
| Related tax | | 1,395 | | 1,395 | |
| Total comprehensive income | - | (5,580) | (784,725) | (790,305) | |
| Transactions with owners | | | | | |
| Ordinary share issue/Redemption | | - (5.500) | | - | |
| Balance as at March 31, 2018 - (Un-audited) | 5,367,400 | (5,580) | (321,242) | 5,040,578 | |

The annexed notes 1 to 25 form an integral part of these financial statements.



Chief Executive Officer

Chief Financial Officer

AZIZI BANK

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2019

| Adjustments for: Gain on disposal of property and equipment - (55) Depreciation 30,060 25,665 Amortization 4,141 3,612 Net impairment (reversal) / loss 6.2 (26,871) 823,427 Foreign exchange gain (11,255) (33,874) Increase / decrease in operating assets and liabilities: 3138,404 34,050 Increase / decrease in operating assets and liabilities: 488,166 289,059 Other assets (151,069) (161,332) Deposits from banks 18 (185,892) Deposits from customers 355,893 (3,287,786) Other liabilities 26,673 51,894 Tax paid / adjusted (206,628) - Net cash generated from / used in operating activities 651,458 (3,260,007) CASH FLOWS FROM INVESTING ACTIVITIES Investments - net 1,683,830 1,839,084 | | | 31-Mar-2019 | 31-Mar-2018 |
|--|--|------|--|---|
| Profit / (loss) before taxation | | Note | AFN | '000' |
| Adjustments for: Gain on disposal of property and equipment Capteciation | CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash on disposal of property and equipment Cash | Profit / (loss) before taxation | [| 142,329 | (784,725) |
| Depreciation | Adjustments for: | _ | | |
| Amortization Net impairment (reversal) / loss Foreign exchange gain Increase / decrease in operating assets and liabilities: Loans and advances to customers Other assets Deposits from banks Deposits from customers Other liabilities Tax paid / adjusted Net cash generated from /used in operating activities Investments - net Purchase of property and equipment Purchase of property and equipment Non-current assets held for sale Purchase of property and equipment Investment in subsidiary and APS Net cash used in / generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Net cash used in / generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Net cash used in / generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Net cash used in / generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Net cash used in / generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issuance of shares Net cash generated from financing activities Net increase in cash and cash equivalents Cash and cash equivalents to beginning of the period Effect of exchange rate changes A, 141 | Gain on disposal of property and equipment | Γ | - | (55) |
| Net impairment (reversal) / loss 6.2 (26,871) (33,874) (11,255) (33,874) (13,8404 34,050 138,404 34,050 138,404 34,050 138,404 34,050 138,404 34,050 138,404 34,050 138,404 34,050 138,404 34,050 15,069 (161,332) 15,069 (161,332) 161, | Depreciation | | 30,060 | 25,665 |
| Toreign exchange gain Cit 138,404 34,050 | | | | 3,612 |
| 138,404 34,050 | | 6.2 | , , , | |
| Increase / decrease in operating assets and liabilities: Loans and advances to customers | Foreign exchange gain | L | | (33,874) |
| Loans and advances to customers | | | 138,404 | 34,050 |
| Other assets (151,069) (161,332) Deposits from banks 18 (185,892) Deposits from customers 355,893 (3,287,786) Other liabilities 26,673 51,894 Responsible from customers (206,628) - Other liabilities (206,628) - Net cash generated from /used in operating activities 651,458 (3,260,007) CASH FLOWS FROM INVESTING ACTIVITIES 1,683,830 1,839,084 Purchase of property and equipment (8,849) (44,965) Non-current assets held for sale (1,131) 1,155 Purchase of intangible assets - 1,427 Proceeds from sale of property and equipment - 55 Investment in subsidiary and APS (115) 118 Net cash used in / generated from investing activities 1,673,736 1,796,874 CASH FLOWS FROM FINANCING ACTIVITIES - - Proceeds from issuance of shares - - - Net cash generated from financing activities - - - Net increase in cash | Increase / decrease in operating assets and liabilities: | | | |
| Deposits from banks | Loans and advances to customers | Γ | 488,166 | 289,059 |
| Deposits from customers | Other assets | | (151,069) | (161,332) |
| Other liabilities 26,673 51,894 858,085 (3,260,007) Tax paid / adjusted (206,628) - Net cash generated from / used in operating activities 651,458 (3,260,007) CASH FLOWS FROM INVESTING ACTIVITIES 1,683,830 1,839,084 Purchase of property and equipment (8,849) (44,965) Non-current assets held for sale (1,131) 1,155 Purchase of intangible assets - 1,427 Proceeds from sale of property and equipment - 55 Investment in subsidiary and APS (115) 118 Net cash used in / generated from investing activities 1,673,736 1,796,874 CASH FLOWS FROM FINANCING ACTIVITIES - - Proceeds from issuance of shares - - Net cash generated from financing activities - - Net increase in cash and cash equivalents 2,325,194 (1,463,133) Cash and cash equivalents at beginning of the period 12,724,347 19,858,653 Effect of exchange rate changes 11,255 33,874 | Deposits from banks | | 18 | (185,892) |
| S85,085 (3,260,007) Tax paid / adjusted (206,628) | Deposits from customers | - 1 | | (3,287,786) |
| Tax paid / adjusted (206,628) - Net cash generated from /used in operating activities 651,458 (3,260,007) CASH FLOWS FROM INVESTING ACTIVITIES Investments - net 1,683,830 1,839,084 Purchase of property and equipment (8,849) (44,965) Non-current assets held for sale (1,131) 1,155 Purchase of intangible assets - 1,427 Proceeds from sale of property and equipment - 55 Investment in subsidiary and APS (115) 118 Net cash used in / generated from investing activities 1,673,736 1,796,874 CASH FLOWS FROM FINANCING ACTIVITIES - - Proceeds from issuance of shares - - Net cash generated from financing activities - - Net increase in cash and cash equivalents 2,325,194 (1,463,133) Cash and cash equivalents at beginning of the period 12,724,347 19,858,653 Effect of exchange rate changes 11,255 33,874 | Other liabilities | L | 26,673 | 51,894 |
| Net cash generated from /used in operating activities CASH FLOWS FROM INVESTING ACTIVITIES Investments - net Purchase of property and equipment Non-current assets held for sale Purchase of intangible assets Purchase of intangible assets Purchase of property and equipment Purchase of intangible assets Purchase of intangible assets Purchase of intangible assets Proceeds from sale of property and equipment Investment in subsidiary and APS Net cash used in / generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issuance of shares Net cash generated from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Effect of exchange rate changes (3,260,007) 1,839,084 (44,965) (1,131) 1,155 1,427 1,427 1,726,874 1,7726,874 1,796,874 1,463,133) 1,796,874 1,463,133) 1,463,133) 1,1,255 1,33,874 | | | | (3,260,007) |
| CASH FLOWS FROM INVESTING ACTIVITIES Investments - net 1,683,830 1,839,084 Purchase of property and equipment (8,849) (44,965) Non-current assets held for sale (1,131) 1,155 Purchase of intangible assets - 1,427 Proceeds from sale of property and equipment - 55 Investment in subsidiary and APS (115) 118 Net cash used in / generated from investing activities 1,673,736 1,796,874 CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issuance of shares - - Net cash generated from financing activities - - Net increase in cash and cash equivalents 2,325,194 (1,463,133) Cash and cash equivalents at beginning of the period 12,724,347 19,858,653 Effect of exchange rate changes 11,255 33,874 | | | THE RESERVE THE PERSON NAMED IN COLUMN 2 IS NOT THE OWNER. | - |
| Investments - net | Net cash generated from /used in operating activities | | 651,458 | (3,260,007) |
| Purchase of property and equipment Non-current assets held for sale Purchase of intangible assets Proceeds from sale of property and equipment Investment in subsidiary and APS Net cash used in / generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issuance of shares Net cash generated from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Effect of exchange rate changes (44,965) (1,131) 1,155 1,427 11,255 (115) 118 1,673,736 1,796,874 2,325,194 (1,463,133) 12,724,347 19,858,653 11,255 33,874 | CASH FLOWS FROM INVESTING ACTIVITIES | _ | | |
| Non-current assets held for sale Purchase of intangible assets Purchase of intangible assets Proceeds from sale of property and equipment Investment in subsidiary and APS Investment in subsidiary and APS Net cash used in / generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issuance of shares Net cash generated from financing activities Net cash generated from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Effect of exchange rate changes (1,131) 1,155 1,427 11,255 11,255 11,255 | Investments - net | | 1,683,830 | 1,839,084 |
| Purchase of intangible assets Proceeds from sale of property and equipment Investment in subsidiary and APS Investment in subsidiary | Purchase of property and equipment | | (8,849) | (44,965) |
| Proceeds from sale of property and equipment Investment in subsidiary and APS Net cash used in / generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issuance of shares Net cash generated from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Effect of exchange rate changes 1.55 1.673,736 1.796,874 1.673,736 1.796,874 | | | (1,131) | 1,155 |
| Investment in subsidiary and APS Net cash used in / generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issuance of shares Net cash generated from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Effect of exchange rate changes (115) 118 1,673,736 1,796,874 | | | - | |
| Net cash used in / generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issuance of shares Net cash generated from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Effect of exchange rate changes 1,673,736 1,796,874 2,325,194 (1,463,133) 12,724,347 19,858,653 11,255 33,874 | | - 1 | - | |
| CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issuance of shares Net cash generated from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Effect of exchange rate changes CASH FLOWS FROM FINANCING ACTIVITIES 1 2 1 1 1 1 1 1 1 1 1 1 1 | | L | , , | |
| Proceeds from issuance of shares Net cash generated from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Effect of exchange rate changes 12,325,194 12,724,347 19,858,653 11,255 33,874 | Net cash used in / generated from investing activities | - | 1,673,736 | 1,796,874 |
| Net cash generated from financing activities | | _ | | |
| Net increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Effect of exchange rate changes 2,325,194 12,724,347 19,858,653 33,874 | Proceeds from issuance of shares | | - | - |
| Cash and cash equivalents at beginning of the period Effect of exchange rate changes 12,724,347 19,858,653 33,874 | Net cash generated from financing activities | | - | - |
| Cash and cash equivalents at beginning of the period Effect of exchange rate changes 12,724,347 19,858,653 33,874 | Net increase in cash and cash equivalents | Ī | 2,325,194 | (1,463,133) |
| Effect of exchange rate changes 11,255 33,874 | | | | , |
| Cash and cash equivalents at the end of the period 5 15,060,796 18,429,394 | Effect of exchange rate changes | | 11,255 | 33,874 |
| 2 15,000,790 18,429,594 | Cach and cach equivalents at the end of the period | _ | 15 060 706 | 18 420 204 |
| | Cash and Cash equivalents at the end of the period | 3 = | 15,000,790 | 10,427,374 |

The annexed notes 1 to 25 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer