

Muslim Business Centre, Charahi Haji Yaqoob, Shahr-e-Naw, Kabul, AFGHANISTAN. T: 0093 780 780 786

E: basit@ilyassaeedca.com www.ilyassaeedca.com

TO THE SHAREHOLDERS OF AZIZI BANK

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Azizi Bank ("the bank") as of September 30, 2019 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Financial Reporting Standards (IFRSs), requirements of the Banking Law of Afghanistan and directives issued by the Da Afghanistan Bank (DAB). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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 condensed 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that theaccompanying condensed interim financial statements do not give a true and fair view of the condensed interim financial position of the bank asat September 30, 2019 and of its condensed interim financial performance and its condensed interim cash flows for the nine months period then ended in accordance with International Financial Reporting Standards (IFRSs), requirements of the Banking Law of Afghanistan and directives issued by the Da Afghanistan Bank (DAB).

Ilyas Saeed Chartered Accountants

Kabul, Afghanistan.

Date:

MGI ILYAS SAEED
Chartered Accountants
14 KGV 2019

Audit - Tax - Advisory

AZIZI BANK

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

		Un-audited	Audited
		30-Sep-2019	31-Dec-2018
	Note	AFN	'000'
ASSETS	•		
Cash and bank balances	5	22,503,837	22,159,36
Loans and advances to customers	6	7,203,969	7,385,81
Investments	7	5,934,358	6,246,39
Investment in subsidiary		1,775,000	1,775,00
Investment in Afghanistan Payment System		19,628	18,91
Property and equipment	8	1,015,334	1,046,61
Intangible assets	9	29,690	39,57
Non-current assets held for sale	10	351,553	307,80
Deferred tax asset	11	1,957	9,69
Other assets	12	1,076,064	1,465,614
Total assets		39,911,389	40,454,791
EQUITY AND LIABILITIES			
Liabilities			
Deposits from banks	Γ	3,736	3,624
Deposits from customers		33,773,884	34,278,839
Current tax liability	11	32,978	33,676
Other liabilities		151,381	179,359
Total liabilities	_	33,961,979	34,495,498
Equity			
Share capital		5,367,400	5,367,400
Revaluation reserve for available for sale investments		(7,826)	(38,780
Retained earnings		589,836	630,673
Total equity		5,949,410	5,959,293
Total equity and liabilities		39,911,389	40,454,791

The annexed notes 1 to 20 form an integral part of these financial statements.

Chief Executive Officer

CONTINGENCIES AND COMMITMENTS

Kunna Grash
Chief Financial Officer

13

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

Note			Quarter ended 30-Sep-2019	Nine months ended 30-Sep-2019	Quarter Ended 30-Sep-2018	Nine months ended 30-Sep-2018
Interest expense		Note	50-5ср-2017			30-sep-2016
Interest expense	SERSON IN					
Net interest income				I comment to the second	276,644	766,914
Fee and commission income 15 289,697 923,279 332,783 843,934 (27,962) Net fee and commission income 15 (16,985) (25,839) (25,839) (3,885) (27,962) Net fee and commission income 272,712 897,440 324,398 815,972	and the second s	14	(85,716)	(303,942)	(121,816)	(356,851)
Fee and commission expense 15	Net interest income		243,686	589,351	154,828	410,063
Net fee and commission income 272,712 897,440 324,398 815,972		15	289,697	923,279	332,783	843,934
Operating income 516,399 1,486,791 479,225 1,226,035	-	15	(16,985)	(25,839)	(8,385)	(27,962)
Net impairment loss on loans and advances Provision against time deposits, accrued Employee benefit expenses City, 152, 153, 153, 154, 157 Provision against time deposits, accrued Employee benefit expenses City, 153, 153, 153, 153, 154, 157 Depreciation on fixed assets City, 153, 154, 157 Depreciation of intangible assets City, 153, 154, 157 Coperating lease expenses City, 153, 154, 157 Coperating lease expenses City, 153, 154, 157 Coperating expenses City, 154, 157 Coperat	Net fee and commission income		272,712	897,440	324,398	815,972
Provision against time deposits, accrued Employee benefit expenses (174,527) (513,989) (149,307) (466,875) Depreciation on fixed assets (30,459) (90,761) (28,196) (80,452) Amortization of intangible assets (4,394) (12,924) (3,411) (10,169) Operating lease expenses (30,141) (91,879) (30,793) (85,597) Other expenses (199,181) (598,955) (192,092) (572,360) Operating expenses (617,097) (1,583,906) (382,588) (1,865,602) Foreign exchange gain (75,666) 79,589 48,959 190,994 Gain on disposal of property and equipment Other income 92,579 182,415 8,921 23,385 Non-operating income 16,913 262,004 57,880 215,002 Profit / (loss) before taxation (83,786) 164,888 154,517 (424,564) Taxation: Current period charge 16,757 (32,978) (172,747) (172,747) 16,757 (205,725) 778,201) Profit / (loss) for the period (67,029) (40,837) 154,517 (502,765) Other comprehensive income / loss for the period Items that are or may be reclassified to profit or loss: Surplus / (deficit) on revaluation of available for sale investments Related deferred tax (3,435) (7,738) (5,328) 568 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)	Operating income		516,399	1,486,791	479,225	1,226,035
Provision against time deposits, accrued Employee benefit expenses (174,527) (513,989) (149,307) (466,875) Depreciation on fixed assets (30,459) (90,761) (28,196) (80,452) Amortization of intangible assets (4,394) (12,924) (3,411) (10,169) Operating lease expenses (30,141) (91,879) (30,793) (85,597) Other expenses (199,181) (598,955) (192,092) (572,360) Operating expenses (617,097) (1,583,906) (382,588) (1,865,602) Foreign exchange gain (75,666) 79,589 48,959 190,994 Gain on disposal of property and equipment Other income 92,579 182,415 8,921 23,385 Non-operating income 16,913 262,004 57,880 215,002 Profit / (loss) before taxation (83,786) 164,888 154,517 (424,564) Taxation: Current period charge 16,757 (32,978) (172,747) (172,747) 16,757 (205,725) 778,201) Profit / (loss) for the period (67,029) (40,837) 154,517 (502,765) Other comprehensive income / loss for the period Items that are or may be reclassified to profit or loss: Surplus / (deficit) on revaluation of available for sale investments Related deferred tax (3,435) (7,738) (5,328) 568 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)	Net impairment loss on loans and advances	6.2	(178,395)	(275,397)	21.210	(826.774)
Employee benefit expenses			- /		-	
Depreciation on fixed assets	Employee benefit expenses		(174,527)	(513,989)	(149,307)	
Amortization of intangible assets Operating lease expenses Other expenses Operating expenses Operation (15,58,500) Operating expenses Operating expenses Operation (15,58,500) Operating expenses Operation (15,58,500) Operating expenses Operation (15,58,500) Operating expenses Ope			(30,459)		1	
Operating lease expenses			(4,394)			
Comparing expenses (199,181) (598,955) (192,092) (572,360)	2 2		(30,141)		100000000000000000000000000000000000000	
Comparing expenses Compari	Other expenses		(199,181)			
Gain on disposal of property and equipment Other income Other income 16,913 16,913 262,004 57,880 215,002 Profit / (loss) before taxation (83,786) 164,888 154,517 (424,564) Taxation: Current period charge Prior period adjustment 16,757 16,757 16,757 16,757 16,725) - (78,201) Profit / (loss) for the period (67,029) (40,837) 154,517 (502,765) Other comprehensive income / loss for the period Items that are or may be reclassified to profit or loss: Surplus / (deficit) on revaluation of available for sale investments Related deferred tax (3,435) (7,738) (5,328) 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)	Operating expenses		(617,097)		-	
Gain on disposal of property and equipment Other income 92,579 182,415 8,921 23,385 Non-operating income 16,913 262,004 57,880 215,002 Profit / (loss) before taxation (83,786) 164,888 154,517 (424,564) Taxation: Current period charge Prior period adjustment 16,757 (172,747) 16,757 (205,725) - (78,201) Profit / (loss) for the period (67,029) (40,837) 154,517 (502,765) Other comprehensive income / loss for the period Items that are or may be reclassified to profit or loss: Surplus / (deficit) on revaluation of available for sale investments Related deferred tax (3,435) (7,738) (5,328) 568 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)			(75,666)	79,589	48,959	190,994
Non-operating income 16,913 262,004 57,880 215,002			- 1	-		100
Non-operating income 16,913 262,004 57,880 215,002		1	92,579	182,415	8,921	23,385
Profit / (loss) before taxation (83,786) 164,888 154,517 (424,564) Taxation: Current period charge 16,757 (32,978) - (78,201) Prior period adjustment 16,757 (205,725) - (78,201) Profit / (loss) for the period (67,029) (40,837) 154,517 (502,765) Other comprehensive income / loss for the period Items that are or may be reclassified to profit or loss: Surplus / (deficit) on revaluation of available for sale investments Related deferred tax (3,435) (7,738) (5,328) 568 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)	Non-operating income		16,913	262,004	57,880	THE RESERVE OF THE PARTY OF THE
Current period charge	Profit / (loss) before taxation		(83,786)			The same of the sa
Prior period adjustment - (172,747) 16,757 (205,725) - (78,201) Profit / (loss) for the period (67,029) (40,837) 154,517 (502,765) Other comprehensive income / loss for the period Items that are or may be reclassified to profit or loss: Surplus / (deficit) on revaluation of available for sale investments Related deferred tax (3,435) (7,738) (5,328) 568 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)	Taxation:					
Prior period adjustment - (172,747) 16,757 (205,725) - (78,201) Profit / (loss) for the period (67,029) (40,837) 154,517 (502,765) Other comprehensive income / loss for the period Items that are or may be reclassified to profit or loss: Surplus / (deficit) on revaluation of available for sale investments Related deferred tax (3,435) (7,738) (5,328) 568 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)	Current period charge		16,757	(32,978)	-	(78.201)
16,757 (205,725) - (78,201)	Prior period adjustment		-	Villa 27 (1984)		(10,201)
Other comprehensive income / loss for the period Items that are or may be reclassified to profit or loss: Surplus / (deficit) on revaluation of available for sale investments Related deferred tax (3,435) (7,738) (5,328) 568 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)		•	16,757	THE RESIDENCE OF THE PERSON NAMED IN COLUMN 2 IS NOT THE OWNER, THE PERSON NAMED IN COLUMN 2 IS NOT THE OWNER, THE PERSON NAMED IN COLUMN 2 IS NOT THE OWNER, THE PERSON NAMED IN COLUMN 2 IS NOT THE OWNER, THE	-	(78,201)
Items that are or may be reclassified to profit or loss: Surplus / (deficit) on revaluation of available for sale investments 17,177 38,692 26,641 (2,840) Related deferred tax (3,435) (7,738) (5,328) 568 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)	Profit / (loss) for the period		(67,029)	(40,837)	154,517	(502,765)
Items that are or may be reclassified to profit or loss: Surplus / (deficit) on revaluation of available for sale investments 17,177 38,692 26,641 (2,840) Related deferred tax (3,435) (7,738) (5,328) 568 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)	Other comprehensive income / loss for the					
Surplus / (deficit) on revaluation of available for sale investments 17,177 38,692 26,641 (2,840) for sale investments (3,435) (7,738) (5,328) 568 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)						
for sale investments Related deferred tax (3,435) (7,738) (5,328) 568 13,742 30,954 21,313 (2,272) Total comprehensive income / (loss) for the period (53,287) (9,883) 175,830 (505,037)		t or los		20.000	0444	
Total comprehensive income / (loss) (53,287) (9,883) (505,037)			17,177	38,692	26,641	(2,840)
Total comprehensive income / (loss) (53,287) (9,883) 175,830 (505,037)	Related deferred tax		(3,435)	(7,738)	(5,328)	568
for the period (53,287) (9,883) 175,830 (505,037)			13,742			
for the period (53,287) (9,883) 175,830 (505,037)	Total comprehensive income / (loss)	-			-	
The annoyed mater 1 to 20 famous an internal a sect of the Similar		_	(53,287)	(9,883)	175,830	(505,037)
	The anneved nates 1 to 20 farms as internal and 6.1		1			40

Kenna Glich

Chief Executive Officer

Chief Financial Officer

AZIZI BANK

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	_	30-Sep-2019	30-Sep-2018
	Note	AFN '	000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		164,888	(502,765
Adjustments for:			(,
Gain on disposal of property and equipment	Г	- 1	80,452
Depreciation		90,761	10,169
Amortization		12,924	(623
Net impairment (reversal) / loss	6.2	275,397	826,774
Foreign exchange gain		-	(176,625
	-	379,082	740,147
Changes in operating assets and liabilities:			•
Loans and advances to customers	Г	(93,555)	(764,174
Other assets		389,550	
Deposits from banks		112	(899,428
Deposits from customers		(504,955)	(184,214
Effect of movement in reserves	1	30,954	(2,193,794
Other liabilities		(27,978)	(10 207
	L.	(205,872)	(18,397
Tax paid / adjusted		(198,685)	(4,060,007
Net cash generated/ (used in) operating activities	_	139,413	(3,822,625)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - net	Г	312,033	(3,919,187)
Purchase of property and equipment		(59,484)	(89,964)
Non-current assets held for sale		(43,746)	(14,307)
Purchase of intangible assets		(3,035)	(6,253)
Proceeds from sale of property and equipment		(5,055)	6,885
investment in Afghanistan Payment System		(710)	(1,455)
Net cash generated/ (used in) investing activities	_	205,059	(4,024,281)
CASH FLOWS FROM FINANCING ACTIVITIES			000000 000000
Net cash flow from financing activities	-	-	-
Net increase in cash and cash equivalents	_	344,471	(7,846,906)
Cash and cash equivalents at beginning of the period		22,159,366	19,858,653
ash and cash equivalents at the end of the period	5	22,503,837	12,011,747
The annexed notes 1 to 20 form an integral part of these financial states	ments.		4

Chief Executive Officer

Kuna-Grosh

Chief Financial Offices

AZIZI BANK

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Share capital	Surplus / (deficit) on revaluation of available for sale investments	Retained earnings	Total
		AFN	AFN '000'.	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Balance as at January 01, 2018	5,367,400	1	463,483	5,830,883
Total comprehensive income for the nine months ended September 30, 2018				
Loss for the nine months period ended September 30, 2018 Other comprehensive income:		î	(502,765)	(502,765)
- Fair value reserve - Related tax	1 1	(2,840)	1 1	(2,840)
	ı	(2,272)		(2,272)
Balance as at September 30, 2018	5,367,400	(2,272)	(39,282)	5,325,846
Profit for three months period ended December 31, 2018 Other comprehensive income:	ī	i	669,955	669,955
- Fair value reserve - Related tax	1 1	(45,634)	1 1	(45,634)
	F	(36,508)		(36,508)
Balance as at December 31, 2018	5,367,400	(38,780)	630,673	5,959,293

AZIZI BANK

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Č	Surplus / (deficit)		
	Share	on revaluation of	Retained earnings	Total
	4	investments		
		AFN	AFN '000'	
Balance as at January 01, 2019	5,367,400	(38,780)	630,673	5.959.293
Total comprehensive income for the nine months ended				
September 30, 2019				
Loss for the nine months period ended September 30, 2019		,	(40 027)	/40 OA)
Other comprehensive income:			(10001)	(40,03/)
- Fair value reserve	3	38,692		38 692
- Related tax	1	(7,738)	t	(7.738)
		30,954		30,954
Balance as at September 30, 2019	5,367,400	(7,826)	589,836	5,949,410

The annexed notes 1 to 20 form an integral part of these financial statements.



Chief Financial Officer

Chief Executive Officer