

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 the accompanying condensed interim financial statements do not give a true and fair view of the condensed interim financial position of the bank as at 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).

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Ilyas Saeed Chartered Accountants

Kabul, Afghanistan.

Date:



AZIZI BANK

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019**

	Note	Un-audited 30-Sep-2019	Audited 31-Dec-2018
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ASSETS			
Cash and bank balances	5	22,503,837	22,159,366
Loans and advances to customers	6	7,203,969	7,385,811
Investments	7	5,934,358	6,246,391
Investment in subsidiary		1,775,000	1,775,000
Investment in Afghanistan Payment System		19,628	18,918
Property and equipment	8	1,015,334	1,046,611
Intangible assets	9	29,690	39,578
Non-current assets held for sale	10	351,553	307,807
Deferred tax asset	11	1,957	9,695
Other assets	12	1,076,064	1,465,614
Total assets		39,911,389	40,454,791

EQUITY AND LIABILITIES

Liabilities

Deposits from banks		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

CONTINGENCIES AND COMMITMENTS

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

Chief Executive Officer



Chief Financial Officer



AZIZI BANK
**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-2019AFN	Quarter Ended 30-Sep-2018 '000'.....	Nine months ended 30-Sep-2018
Interest income	14	329,402	893,293	276,644	766,914
Interest expense	14	(85,716)	(303,942)	(121,816)	(356,851)
Net interest income		243,686	589,351	154,828	410,063
Fee and commission income	15	289,697	923,279	332,783	843,934
Fee and commission expense	15	(16,985)	(25,839)	(8,385)	(27,962)
Net fee and commission income		272,712	897,440	324,398	815,972
Operating income		516,399	1,486,791	479,225	1,226,035
Net impairment loss on loans and advances	6.2	(178,395)	(275,397)	21,210	(826,774)
Provision against time deposits, accrued		-	-	-	176,625
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		-	-	-	623
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)	-	(78,201)
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		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)

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

Chief Executive Officer



Kevin G. Ghosh

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
NoteAFN '000'.....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	164,888	(502,765)
Adjustments for:		
Gain on disposal of property and equipment	-	80,452
Depreciation	90,761	10,169
Amortization	12,924	(623)
Net impairment (reversal) / loss	275,397	826,774
Foreign exchange gain	-	(176,625)
	379,082	740,147
Changes in operating assets and liabilities:		
Loans and advances to customers	(93,555)	(764,174)
Other assets	389,550	(899,428)
Deposits from banks	112	(184,214)
Deposits from customers	(504,955)	(2,193,794)
Effect of movement in reserves	30,954	-
Other liabilities	(27,978)	(18,397)
	(205,872)	(4,060,007)
Tax paid / adjusted	(198,685)	-
Net cash generated/ (used in) operating activities	139,413	(3,822,625)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments - net	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	-	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		
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
Cash and cash equivalents at the end of the period	22,503,837	12,011,747

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

Chief Executive Officer



Kiana Gosh

Chief Financial Officer

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
Balance as at January 01, 2018	5,367,400	-	463,483	5,830,883
Total comprehensive income for the nine months ended September 30, 2018	-	-	(502,765)	(502,765)
Loss for the nine months period ended September 30, 2018	-	-	-	-
Other comprehensive income:				
- Fair value reserve	-	(2,840)	-	(2,840)
- Related tax	-	568	-	568
	-	(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	-	-	669,955	669,955
Other comprehensive income:				
- Fair value reserve	-	(45,634)	-	(45,634)
- Related tax	-	9,127	-	9,127
	-	(36,508)	-	(36,508)
Balance as at December 31, 2018	5,367,400	(38,780)	630,673	5,959,293

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**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
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	-	-	(40,837)	(40,837)
Other comprehensive income:				
- Fair value reserve	-	38,692	-	38,692
- Related tax	-	(7,738)	-	(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 Executive Officer



Chief Financial Officer