



Crowe Horwath - Afghanistan
6th Floor, Kabul Business Center
Shahre Naw, Haji Yaqub Square
Kabul - Afghanistan
Main +93 (0) 202 211 264
e-mail kabul@crowe.af
www.crowe.com/af

INDEPENDENT REVIEW REPORT TO SHAREHOLDERS

Introduction

We have reviewed the accompanying Statement of Condensed Interim Financial Position of **Azizi Bank** (“the bank”) as of **September 30, 2018**, 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

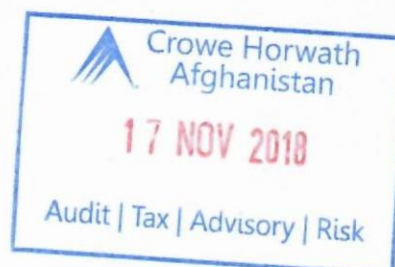
Based on our review, nothing has come to our attention that cause to believe that accompanying interim financial information does not give a true and fair view of the condensed interim financial position of the bank as at September 30, 2018 and of its financial performance and its condensed interim cash flows for the three month period then 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.

Emphasis of matter

We want to draw attention to the matter as explained in Note no. 6.3 “Loan and advances” of these financial statements. Our conclusion is not qualified in this respect.

Crowe Horwath Af
Crowe Horwath Afghanistan

Auditors & Business Advisors
Kabul



AZIZI BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	Note	Un-Audited 30-Sep-2018AFN '000'.....	Audited 31-Dec-2017
ASSETS			
Cash and cash equivalents	5	12,011,748	19,858,653
Loans and advances to customers	6	7,789,853	7,852,453
Investments	7	7,739,716	3,823,370
Investment in subsidiary	8	1,725,000	1,725,000
Investment in Afghanistan Payment System	9	18,913	17,458
Property and equipment		1,019,009	1,015,759
Intangible assets		35,969	39,886
Non-current assets held for sale		307,758	293,451
Deferred tax	10	568	-
Other assets	11	3,714,134	2,814,706
Total assets		34,362,668	37,440,735
EQUITY AND LIABILITIES			
Liabilities			
Deposit from banks	12	3,623	187,837
Deposit from customers	13	28,852,797	31,046,591
Other liabilities	14	180,402	375,424
Total liabilities		29,036,822	31,609,852
Equity			
Share capital	15	5,367,400	5,367,400
Revaluation surplus / deficit on available for sale investments		(2,272)	-
Retained earning		(39,282)	463,483
Total equity		5,325,846	5,830,883
Total equity and liabilities		34,362,668	37,440,735
Contingencies and commitments	20	-	-

The annexed notes 1-23 form an integral part of these financial statements. *UB*

Chief Executive Officer



Chief Finance Officer



AZIZI BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Note	Quarter ended 30-Sep-2018	Nine months ended 30-Sep-2018	Quarter ended 30-Sep-2017	Nine months ended 30-Sep-2017
Interest income	16	276,644	766,914	203,427	711,710
Interest expense	16	(121,816)	(356,851)	(138,019)	(470,460)
Net interest income		154,828	410,063	65,408	241,250
Fee and commission income	17	332,783	843,934	266,718	670,225
Fee and commission expense	17	(8,385)	(27,962)	(6,208)	(25,339)
Net fee and commission income		324,398	815,972	260,510	644,886
Foreign exchange gain		48,959	190,994	(11,128)	40,767
Gain on disposal of property and equipment		-	623	1,160	1,145
Other operating income		8,921	23,385	17,659	69,004
Operating income		537,106	1,441,038	333,609	997,052
Net impairment (loss) / gain on loans and advances	6.2	21,210	(826,774)	(127,390)	136,113
Provision against time deposits, accrued interest, account receivable and non-funded facilities		-	176,625	(7,327)	(183,682)
Employee benefit expenses	18	(149,307)	(466,875)	(128,564)	(374,369)
Depreciation on fixed assets		(28,196)	(80,452)	(20,704)	(61,695)
Amortization of intangible assets		(3,411)	(10,169)	(3,135)	(9,783)
Operating lease expenses		(30,793)	(85,597)	(27,048)	(81,766)
Other expenses	19	(192,092)	(572,360)	(221,279)	(515,497)
Operating expenses		(382,588)	(1,865,602)	(535,447)	(1,090,679)
(Loss) / Profit before taxation		154,517	(424,564)	(201,838)	(93,627)
Taxation	21	-	(78,201)	21,642	-
(Loss) / Profit for the period		154,517	(502,765)	(180,196)	(93,627)
Other comprehensive income					
Items that are or may be reclassified to profit or loss:					
Surplus / Deficit on revaluation of available for sale investments		26,641	(2,840)	-	-
Related Deferred tax		(5,328)	568	-	-
Total comprehensive income for the period		175,830	(505,037)	(180,196)	(93,627)

The annexed notes 1-23 form an integral part of these financial statements. *copy*

Chief Executive Officer



Chief Finance Officer



AZIZI BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Share capital	Surplus / (Deficit) on revaluation of available for sale investment	Retained earnings	Total
AFN '000'.....			
Balance as at January 01, 2018	5,367,400	-	463,483	5,830,883
Profit / (loss) for the period	-	-	(502,765)	(502,765)
Other comprehensive income:				
Fair value reserve	-	(2,840)	-	(2,840)
Related tax	-	568	-	568
Total comprehensive income	-	(2,272)	(502,765)	(505,037)
Balance as at September 30, 2018	<u>5,367,400</u>	<u>(2,272)</u>	<u>(39,282)</u>	<u>5,325,846</u>
Balance as at January 01, 2017	5,367,400	-	292,024	5,659,424
Comprehensive income:				
Net profit for the period	-	-	(93,627)	(93,627)
Balance as at September 30, 2017	<u>5,367,400</u>	<u>-</u>	<u>198,397</u>	<u>5,565,797</u>
Balance as at October 01, 2017	5,367,400	-	198,397	5,565,797
Comprehensive income:				
Net profit for the period	-	-	265,086	265,086
Balance as at December 31, 2017	<u>5,367,400</u>	<u>-</u>	<u>463,483</u>	<u>5,830,883</u>

The annexed notes 1-23 form an integral part of these financial statements.

Chief Executive Officer



Chief Finance Officer



AZIZI BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Note	30-Sep-18AFN '000'.....	30-Sep-17
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/Loss before taxation		(502,765)	(93,627)
Adjustments for:			
Depreciation		80,452	61,695
Amortization		10,169	9,783
Loss / (gain) on sale of fixed assets		(623)	(1,145)
Net impairment loss on loans and advances	6.2	826,774	(136,113)
Provision against non-funded facilities, time deposits and other assets		(176,625)	183,682
		<u>237,382</u>	<u>24,276</u>
Increase / decrease in operating assets and liabilities:			
Loans and advances to customers		(764,174)	598,257
Other assets		(899,428)	(122,143)
Deposits from banks		(184,214)	(3,390,829)
Deposits from customers		(2,193,794)	(185,009)
Other liabilities		(18,397)	(45,707)
		<u>(3,822,625)</u>	<u>(3,121,154)</u>
Net withholding taxes (paid) / collected		-	-
Net cash generated from /used in operating activities		<u>(3,822,625)</u>	<u>(3,121,154)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment - Net		(3,919,187)	2,079,223
Non-current assets held for sale		(14,307)	(3,756)
Purchase of property and equipment		(89,964)	(88,924)
Purchase of intangible assets		(6,253)	(2,872)
Proceeds from sale of property and equipment		6,885	1,166
Investment in subsidiary		-	(150,000)
Investment in Afghanistan payment system		(1,455)	(370)
Net cash used in / generated from investing activities		<u>(4,024,281)</u>	<u>1,834,467</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		-	-
Net cash generated from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>(7,846,905)</u>	<u>(1,286,688)</u>
Cash and cash equivalents at beginning of the period		19,858,653	17,224,439
Cash and cash equivalents at the end of the period	5	<u>12,011,748</u>	<u>15,937,751</u>

The annexed notes 1-23 form an integral part of these financial statements.



Chief Executive Officer



Chief Finance Officer