



# Reviewed Financial Statements

*for Azizi Bank,*

*(For the nine months period ended September 30,  
2020)*

**Confidential**

**MGI ILYAS SAEED CHARTERED ACCOUNTANTS**

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Date: October 28, 2020

**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, 2020 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, 2020 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).

*mgi* *Basit*

For and on behalf of;  
Muhammad Abdul Basit (ACA, CIA, CISA & APRM) Engagement Partner  
Ilyas Saeed Chartered Accountants  
Kabul, Afghanistan.

**MGI ILYAS SAEED**  
Chartered Accountants

27 OCT 2020

**AZIZI BANK**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT SEPTEMBER 30, 2020**

		Un-audited 30-Sep-2020	Audited 31-Dec-2019
	Note	..... AFN '000' .....	
<b>ASSETS</b>			
Cash and bank balances	5	18,719,070	22,672,318
Loans and advances to customers	6	5,344,139	6,840,712
Investments	7	13,359,847	12,466,678
Investment in subsidiary	8	1,775,000	1,775,000
Investment in Afghan Payment System		-	19,665
Property and equipment	9	1,404,694	1,451,985
Intangible assets	10	39,429	33,357
Non-current assets held for sale	11	268,066	268,066
Deferred tax		5,015	2,920
Other assets	12	1,517,578	1,421,774
<b>Total assets</b>		<b>42,432,839</b>	<b>46,952,476</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Deposits from banks	13	3,682	3,742
Deposits from customers	14	35,278,592	40,012,940
Current tax liability	15	50,782	121,807
Other liabilities	16	596,732	505,686
<b>Total liabilities</b>		<b>35,929,788</b>	<b>40,644,175</b>
<b>Equity</b>			
Share capital	17	5,367,400	5,367,400
Revaluation surplus / deficit on available for sale investments		(20,059)	(11,681)
Retained earnings		1,155,710	952,582
<b>Total equity</b>		<b>6,503,051</b>	<b>6,308,301</b>
<b>Total equity and liabilities</b>		<b>42,432,839</b>	<b>46,952,476</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	18		

*The annexed notes 1 to 25 form an integral part of the condensed interim financial statements.*

Chief Executive Officer



*Kuma Ghosh*

Chief Financial Officer



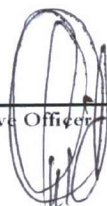
## AZIZI BANK

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

		Quarter ended 30-Sep-2020	Nine months ended 30-Sep-2020	Quarter ended 30-Sep-2019	Nine months ended 30-Sep-2019
	Note	AFN '000'			
Interest income	19	248,460	767,859	329,402	893,293
Interest expense	19	(86,419)	(264,810)	(85,716)	(303,942)
<b>Net interest income</b>		<b>162,041</b>	<b>503,049</b>	<b>243,686</b>	<b>589,351</b>
Fee and commission income	20	302,298	893,208	289,697	923,279
Fee and commission expense	20	(12,099)	(26,753)	(16,985)	(25,839)
<b>Net fee and commission income</b>		<b>290,199</b>	<b>866,455</b>	<b>272,712</b>	<b>897,440</b>
<b>Operating income</b>		<b>452,240</b>	<b>1,369,504</b>	<b>516,398</b>	<b>1,486,791</b>
Net impairment (loss)/reversal on loans and advances		(285)	(147,905)	(178,395)	(275,397)
Employee benefit expenses	21	(185,633)	(581,498)	(174,527)	(513,989)
Depreciation on fixed assets		(63,096)	(183,509)	(30,459)	(90,761)
Amortization of intangible assets		(4,630)	(12,256)	(4,394)	(12,924)
Office rent expense		5,122	(3,867)	(30,141)	(91,879)
Other expenses	22	(247,365)	(615,295)	(199,181)	(598,956)
<b>Operating expenses</b>		<b>(495,887)</b>	<b>(1,544,329)</b>	<b>(617,097)</b>	<b>(1,583,906)</b>
Foreign Exchange Gain		31,754	34,773	(75,666)	79,589
Gain on disposal of property and equipment		1,205	1,493	-	-
Other income		81,637	392,470	92,579	182,415
<b>Non-operating income</b>		<b>114,596</b>	<b>428,736</b>	<b>16,913</b>	<b>262,004</b>
<b>Profit before income tax</b>		<b>70,949</b>	<b>253,910</b>	<b>(83,786)</b>	<b>164,888</b>
Income tax expense	23	(14,190)	(50,782)	16,757	(205,725)
<b>Profit for the period</b>		<b>56,759</b>	<b>203,128</b>	<b>(67,029)</b>	<b>(40,837)</b>
Other comprehensive income:					
<b>Items that are or may be reclassified to profit or loss;</b>					
Surplus / Deficit on revaluation of available for sale investments		(10,473)	(25,074)	17,177	38,692
Related Deferred tax		2,095	5,015	(3,435)	(7,738)
		(8,378)	(20,059)	13,742	30,954
<b>Total comprehensive income for the period</b>		<b>48,381</b>	<b>183,069</b>	<b>(53,287)</b>	<b>(9,883)</b>
<b>Earning/ (loss) per share (AFN)</b>		<b>90.14</b>	<b>341.08</b>	<b>(99.28)</b>	<b>(18.41)</b>

The annexed notes 1 to 25 form an integral part of the condensed interim financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

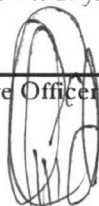
## AZIZI BANK

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Share capital	Surplus / (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
Total comprehensive income for nine months period ended Sep 30, 2019				
Loss for nine months period ended Sep 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 (Un-audited)	5,367,400	(7,826)	589,836	5,949,410
Total comprehensive income for the three months period ended December 31, 2019				
Profit for three months ended December 31, 2019	-	-	362,746	362,746
Other comprehensive income:				
Fair value reserve	-	(4,818)	-	(4,818)
Related tax	-	964	-	964
	-	(3,855)	-	(3,855)
Balance as at December 31, 2019	5,367,400	(11,681)	952,582	6,308,301
Balance as at January 01, 2020 - (Audited)	5,367,400	(11,681)	952,582	6,308,301
Total comprehensive income for nine months Period ended September 30, 2020				
Profit for the period	-	-	203,128	203,128
Other comprehensive income:				
Fair value reserve	-	(10,473)	-	(10,473)
Related tax	-	2,095	-	2,095
	-	(8,378)	-	(8,378)
Total comprehensive income	-	(20,059)	203,128	194,750
Transactions with owners				
Ordinary share issue/Redemption	-	-	-	-
Balance as at September 30, 2020 - (Un-Audited)	5,367,400	(20,059)	1,155,710	6,503,051

The annexed notes 1 to 25 form an integral part of the condensed interim financial statements.

Chief Executive Officer



Kumar Ghosh

Chief Financial Officer

**AZIZI BANK**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

		30-Sep-2020	30-Sep-2019
	Note .....	AFN	'000'
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		253,910	164,888
<b>Adjustments for:</b>			
Depreciation	9	183,509	90,761
Amortization	10	12,256	12,924
Net impairment (reversal)/loss on loans and advances	6	147,905	275,397
Gain on disposal of property and equipment		(1,205)	-
Foreign exchange gain		-	-
		<u>596,374</u>	<u>543,970</u>
<b>Increase / decrease in operating assets and liabilities:</b>			
Loans and advances to customers		1,348,668	(93,555)
Other assets		(95,804)	389,550
Required deposits with DAB		(176,166)	-
Deposits from banks		(60)	112
Deposits from customers		(4,734,348)	(504,955)
Other liabilities		86,078	(27,978)
		<u>(2,975,258)</u>	<u>307,144</u>
Tax paid		(123,903)	(198,685)
<b>Net cash (used in)/ generated from operating activities</b>		<u>(3,099,161)</u>	<u>108,460</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment made / investments divested		(901,547)	342,985
Purchase of property and equipment	9	(136,217)	(59,484)
Sale proceeds from disposal of property and equipments		1,205	-
Non-current assets held for sale		-	(43,746)
Purchase of intangible assets	10	(18,328)	(3,035)
Investment in subsidiary and APS		19,665	(710)
<b>Net cash (used in)/ generated from investing activities</b>		<u>(1,035,221)</u>	<u>236,011</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment against lease liability		4,968	-
<b>Net cash generated from financing activities</b>		<u>4,968</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(4,129,414)</u>	<u>344,471</u>
Cash and cash equivalents at beginning of the period		19,636,403	22,159,366
<b>Cash and cash equivalents at the end of the period</b>	5	<u>15,506,989</u>	<u>22,503,837</u>

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Chief Executive Officer



Chief Financial Officer

