

INDEPENDENT REVIEW REPORT TO SHAREHOLDERS

Introduction


We have reviewed the accompanying Statement of Condensed Interim Financial Position of **Azizi Bank** ("the bank") as of **June 30, 2017**, 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 six-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 June 30, 2017 and of its financial performance and its condensed interim cash flows for the six-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.


Horwath MAK
Auditors & Business Advisors
Kabul



AZIZI BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

Un-Audited 30-Jun-2017	Audited 31-Dec-2016		Un-Audited 30-Jun-2017	Audited 31-Dec-2016
.....US\$ '000'.....		NoteAfs '000'.....	

ASSETS

Un-Audited 30-Jun-2017	Audited 31-Dec-2016		Note	Un-Audited 30-Jun-2017	Audited 31-Dec-2016
212,874	257,735	Cash and cash equivalents	5	14,494,587	17,224,439
94,757	109,623	Loans and advances to customers	6	6,451,987	7,326,122
30,498	49,637	Investments	7	2,076,582	3,317,251
25,334	23,567	Investment in subsidiary	8	1,725,000	1,575,000
250	250	Investment in Afghanistan Payment System	9	17,023	16,708
11,870	12,208	Property and equipment		808,207	815,869
610	678	Intangible assets		41,563	45,340
4,327	4,361	Non-current assets held for sale		294,621	291,423
32,784	35,661	Other assets	10	2,232,272	2,383,196
413,304	493,720	Total assets		28,141,842	32,995,348

EQUITY AND LIABILITIES

Liabilities

37,418	53,535	Deposits from banks	11	2,547,805	3,577,744
278,443	352,234	Deposits from customers	12	18,959,162	23,539,800
2,602	-	Provisions	13	177,147	-
53,368	3,267	Other liabilities	14	711,735	218,380
328,915	409,036	Total liabilities		22,395,849	27,335,924

Equity

78,828	80,314	Share capital	15	5,367,400	5,367,400
5,560	4,370	Retained earning		378,593	292,024
84,388	84,684	Total equity		5,745,993	5,659,424
413,304	493,720	Total equity and liabilities		28,141,842	32,995,348

Contingencies and commitments 20

The annexed notes 1 to 23 form an integral part of these financial statements. *Handwritten mark*

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Chairman

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Chief Executive Officer

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Chief Finance Officer

AZIZI BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEARLY ENDED JUNE 30, 2017

Quarter Ended 30-Jun-2017 Six Months Ended 30-Jun-2017 Quarter Ended 30-Jun-2016 Six Months Ended 30-Jun-2016
USD '000'.....

3,607	7,465	6,173	11,554	Interest income
(2,094)	(4,882)	(3,178)	(6,397)	Interest expense
1,514	2,582	2,996	5,158	Net interest income
3,368	5,926	3,554	5,803	Fee and commission income
(96)	(281)	(553)	(786)	Fee and commission expense
3,272	5,645	3,001	5,017	Net fee and commission income
(84)	762	(105)	(579)	Foreign exchange gain
-	(0.22)	1	1	Loss on disposal of property and equipment
201	754	65	127	Other operating income
4,903	9,743	5,958	9,724	Operating income

435	3,870	(167)	(2,107)	Net impairment (loss) / gain on loans and advances
(137)	(2,590)	-	-	Provision against time deposits, accrued interest, account receivable and non-funded facilities
(1,764)	(3,610)	(1,604)	(3,192)	Employee benefit expenses
(304)	(602)	(187)	(382)	Depreciation on fixed assets
(48)	(98)	(40)	(61)	Amortization of intangible assets
(400)	(804)	(388)	(796)	Operating lease expenses
(1,980)	(4,321)	(2,431)	(4,211)	Other expenses
(4,198)	(8,154)	(4,818)	(10,749)	Operating expenses
704	1,589	1,140	(1,026)	Profit before taxation
(141)	(318)	-	-	Taxation
563	1,271	1,140	(1,026)	Profit for the year
-	-	-	-	Other comprehensive income
563	1,271	1,140	(1,026)	Total comprehensive income for the year

Quarter Ended 30-Jun-2017 Six Months Ended 30-Jun-2017 Quarter Ended 30-Jun-2016 Six Months Ended 30-Jun-2016
Afs '000'.....

Note	245,606	508,283	422,383	790,541
16	(142,547)	(332,441)	(217,416)	(437,662)
	103,059	175,842	204,967	352,879
17	229,313	403,507	243,159	397,043
17	(6,521)	(19,131)	(37,861)	(53,778)
	222,792	384,376	205,298	343,265
	(5,731)	51,895	(7,184)	(39,649)
	-	(15)	91	91
	13,670	51,345	4,433	8,681
	333,790	663,443	407,605	665,267
6.2	29,611	263,503	(11,454)	(144,138)
	(9,332)	(176,355)	-	-
18	(120,095)	(245,805)	(109,757)	(218,365)
	(20,704)	(40,991)	(12,778)	(26,168)
	(3,292)	(6,649)	(2,734)	(4,205)
19	(27,205)	(54,717)	(26,574)	(54,444)
	(134,832)	(294,218)	(166,330)	(288,148)
	(285,849)	(555,232)	(329,628)	(735,468)
	47,941	108,211	77,977	(70,201)
21	(9,588)	(21,642)	-	-
	38,353	86,569	77,977	(70,201)
	-	-	-	-
	38,353	86,569	77,977	(70,201)

The annexed notes 1 to 23 form an integral part of these financial statements. *HKM*

Kumar Chosh
 Chairman

[Signature]
 Chief Executive Officer

[Signature]
 Chief Finance Officer

AZIZI BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEARLY ENDED JUNE 30, 2017

	Un-Audited		Un-Audited	
	Share capital	Retained earnings	Share capital	Retained earnings
80,314	4,045	84,359	5,367,400	270,305
80,314	4,370	84,684	5,367,400	292,024
78,828	4,289	83,117	5,367,400	292,024
-	1,271	1,271	-	86,569
-	-	-	-	-
78,828	5,560	84,388	5,367,400	378,593
80,314	4,045	84,359	5,367,400	270,305
-	325	325	-	21,719
80,314	4,370	84,684	5,367,400	292,024
78,828	4,289	83,117	5,367,400	292,024
-	1,271	1,271	-	86,569
-	-	-	-	-
78,828	5,560	84,388	5,367,400	378,593
80,314	4,045	84,359	5,367,400	270,305
-	325	325	-	21,719
80,314	4,370	84,684	5,367,400	292,024
78,828	4,289	83,117	5,367,400	292,024
-	1,271	1,271	-	86,569
-	-	-	-	-
78,828	5,560	84,388	5,367,400	378,593

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



Kumara Chesh
 Chairman



Chief Executive Officer

Chief Finance Officer

AZIZI BANK

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEARLY ENDED JUNE 30, 2017

30-Jun-2017 30-Jun-2016
.....USD '000'.....

30-Jun-2017 30-Jun-2016
NoteAFN '000'.....

CASH FLOWS FROM OPERATING ACTIVITIES

1,271	1,140		86,569	77,977
		Profit/Loss before taxation		
		Adjustments for:		
602	187	Depreciation	40,991	12,778
98	40	Amortization	6,649	2,734
0.22	(1)	Loss / (Gain) on sale of fixed assets	15	(91)
(3,870)	167	Net impairment loss on loans and advances	(263,503)	11,454
(1,899)	1,532		(129,280)	104,852
		Increase / decrease in operating assets and liabilities:		
16,708	7,902	Loans and advances to customers	1,137,638	540,656
2,221	(16,584)	Other assets	151,197	(1,134,688)
(15,126)	(21,862)	Deposits from banks	(1,029,939)	(1,495,808)
(67,273)	34,046	Deposits from customers	(4,580,639)	2,329,407
2,602	-	Provisions	177,147	-
7,246	(11,958)	Other liabilities	493,355	(818,173)
(55,522)	(6,924)		(3,780,521)	(473,754)
-	-	Net withholding taxes (paid) / collected	-	-
(55,522)	(6,924)	Net cash generated from /used in operating activities	(3,780,521)	(473,754)

CASH FLOWS FROM INVESTING ACTIVITIES

18,030	14,931	Investment - Net	1,227,640	1,021,608
(307)	(351)	Property and equipment - Adjustment	(20,902)	(24,028)
(47)	-	Non-current assets held for sale	(3,198)	-
(42)	(15)	Purchase of intangible assets	(2,872)	(1,039)
	1	Proceeds from sale of property and equipment	-	91
(2,203)	-	Investment in subsidiary	(150,000)	-
-	1	Investment in associate	-	60
15,431	14,567	Net cash used in / generated from investing activities	1,050,669	996,692

CASH FLOWS FROM FINANCING ACTIVITIES

-	-	Proceeds from issuance of shares	-	-
-	-	Net cash generated from financing activities	-	-
(40,092)	7,643	Net increase in cash and cash equivalents	(2,729,852)	522,938
252,966	186,158	Cash and cash equivalents at beginning of the period	17,224,439	12,736,961
212,874	193,802	Cash and cash equivalents at the end of the period	14,494,587	13,259,899

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

Kumar Chohan
Chairman

Chief Executive Officer

Chief Finance Officer