



Reviewed Financial Statements

for Islamic Bank of Afghanistan

*(For the nine months period ended September 30,
2019)*

Confidential

MGI ILYAS SAEED CHARTERED ACCOUNTANTS

Contact: Muhammad Abdul Basit

Cell: +93 780 780 786

Email: basit@ilyassaeedca.com

Date: November 10, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ISLAMIC BANK OF AFGHANISTAN

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Islamic Bank of Afghanistan ("the bank") as at September 30, 2019, and the related condensed interim statement of profit and loss account, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the nine months then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Bank and in conformity with the Law of Islamic Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB). Our responsibility is to express a conclusion on these 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 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 Auditing Standard for Islamic Financial Institution's issued by AAOIFI 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 interim financial statements do not give a true and fair view of the financial position of the bank as at September 30, 2019, and of its profit and loss account its cash flows for the nine months period then ended in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the requirements of the law of Islamic Banking in Afghanistan.



Other Matter

The condensed interim financial statements for the nine months ended September 30, 2018 and the financial statements for the year ended December 31, 2018 were reviewed and audited respectively, by another auditor who expressed an unmodified review conclusion on the condensed interim financial statements for the nine months period ended September 30, 2018 on November 14, 2018 and unmodified audit opinion on the financial statements for the year ended December 31, 2018 on March 20, 2019.

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Muhammad Abdul Basit – ACA, CIA, CISA & APRM
Engagement Partner
Ilyas Saeed Chartered Accountants
Kabul, Afghanistan
Date:



ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

		Un-Audited	Audited
		30-Sep-19	31-Dec-18
	Note	-----Afn '000'-----	
ASSETS			
Cash and cash equivalents	5	9,780,504	12,480,342
Islamic financings and Related assets	6	868,943	849,461
Investments:	7		
Investment securities		2,987,414	1,138,596
Other investments		118,655	710,225
Property and equipment		309,384	320,730
Intangible assets		306,501	334,483
Investments in real estate	8	96,038	109,508
Deferred tax asset		99,041	110,279
Other assets	9	1,969,456	1,226,267
Total assets		16,535,936	17,279,891
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY			
LIABILITIES			
Current Account from customers	10	6,539,662	11,062,777
Short term financing - Shuaa Capital		391,300	376,550
Other liabilities	11	621,063	361,818
Total liabilities		7,552,025	11,801,145
EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS			
Owner's Equity	10	7,680,031	4,214,251
Share capital	12	1,775,000	1,775,000
Retained earning		(471,120)	(510,505)
Total Owner's equity		1,303,880	1,264,495
Total Liabilities, Equity of Investment Accountholders and Owners' Equity		16,535,936	17,279,891
CONTINGENCIES AND COMMITMENTS			
	13		

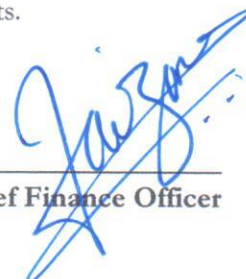
The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Finance Officer

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

		As per Financial Accounting Standards (FAS) as issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)		Cumulative Amounts as per Both Frame Works	
		Quarter ended 30 September 2019	Nine Months period ended 30 September, 2019	Quarter ended 30 September 2018	Nine Months period ended 30 September 2018
		-----Afn '000'-----			
Note	14	23,747	106,812	10,135	34,682
	15	-	-	-	27,960
	16	45,117	127,029	19,082	29,259
		-	-	-	(29,246)
	17	(55,978)	(151,532)	(9,367)	(24,778)
		12,886	82,309	19,850	37,877
		Bank's share as Mudarib / Net interest income*			
		29,573	123,534	99,340	167,814
		(4,939)	(11,272)	-	(2,771)
		24,634	112,262	99,340	165,043
		183,477	491,483	69,002	67,563
		32,244	89,807	5,358	69,566
		253,241	775,861	193,550	340,049
18		(228,410)	(636,371)	(206,315)	(654,476)
		(14,219)	(42,608)	(15,024)	(42,516)
		(9,923)	(29,781)	-	(358)
		(252,552)	(708,760)	(221,339)	(697,350)
		(6,255)	(16,478)	(96)	161,374
		(5,566)	50,623	(27,885)	(195,927)
		-	(11,238)	-	-
		(5,566)	39,385	(27,885)	(195,927)
		-	-	-	-
		(5,566)	39,385	(27,885)	(195,927)

* - Based on International Financial Reporting Standards (IFRSs)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Finance Officer

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

	Share Capital	Retained Earnings	Total
 Afn '000'		
Balance as at January 01, 2018	1,725,000	(577,209)	1,147,791
Comprehensive income:			
Net loss for the period	-	(195,927)	(195,927)
Transactions with owners:			
Ordinary shares Issued	-	-	-
Balance as at September 30, 2018 - Unaudited	<u>1,725,000</u>	<u>(773,136)</u>	<u>951,864</u>
Balance as at October 01, 2018	1,725,000	(773,136)	951,864
Comprehensive income:			
Net profit for the period	-	262,631	262,631
Transactions with owners:			
Ordinary shares Issued	50,000	-	50,000
Balance as at December 31, 2018 - Audited	<u>1,775,000</u>	<u>(510,505)</u>	<u>1,264,495</u>
Balance as at January 01, 2019	1,775,000	(510,505)	1,264,495
Comprehensive income:			
Net profit for the period	-	39,385	39,385
Transactions with owners:			
Ordinary shares Issued	-	-	-
Balance as at September 30, 2019 - Unaudited	<u>1,775,000</u>	<u>(471,120)</u>	<u>1,303,880</u>

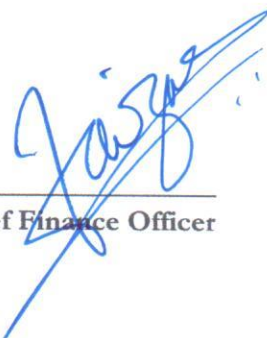
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Chairman



Chief Executive Officer



Chief Finance Officer

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

	Note	30-Sep-19 Afn '000'	30-Sep-18
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		50,623	(195,927)
Adjustments for:			
Depreciation		42,608	42,516
Amortization		29,781	1,319
Accrued profit on cash and cash equivalents		-	(25,507)
Impairment (gain)/ loss on Financings / loans and advances		24,902	(32,623)
		<u>147,914</u>	<u>(210,222)</u>
Increase / decrease in operating assets and liabilities:			
Islamic financings and Related assets		(44,384)	(95,319)
Other assets		(743,189)	(580,971)
Current Accounts from customers		(4,523,115)	(5,733,798)
Unrestricted Investment Account Holders		3,465,780	3,391,879
Short term financing - Shuaa Capital		14,750	-
Deposit from banks		-	(904,333)
Other liabilities		259,245	76,328
		<u>(1,422,999)</u>	<u>(4,056,436)</u>
Income tax paid		-	-
Net cashflow (used in) operating activities		<u>(1,422,999)</u>	<u>(4,056,436)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - Net of Profits	7	(1,257,248)	2,955,701
Investment in Real Estate / Non-current assets exchange fluctuation		13,470	-
Acquisition of property and equipment - net of adjustment		(33,061)	(18,644)
Net cashflow (used in) / generated from investing activities		<u>(1,276,839)</u>	<u>2,937,057</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cashflow (used in) / generated from financing activities		-	-
Net increase in cash and cash equivalents		(2,699,838)	(1,119,379)
Cash and cash equivalents at beginning of the period		12,480,342	7,722,538
Cash and cash equivalents at the end of the period	5	<u>9,780,504</u>	<u>6,603,159</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


Chairman


Chief Executive Officer


Chief Finance Officer

ISLAMIC BANK OF AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

1 STATUS AND NATURE OF OPERATIONS

Islamic Bank of Afghanistan (formerly Bakhtar Bank) ("the Bank") is wholly owned subsidiary of Azizi Bank, Kabul Afghanistan. The Bank has been licensed for Islamic Banking activities by Da Afghanistan Bank (DAB) ("the Central Bank of Afghanistan"). The Bank obtained a business license from Afghanistan Investment Support Agency and is a limited liability company. The principal activities of the Bank are taking demand, saving and investment accounts, providing Murabaha, Ijara and other Shari'a compliant forms of financing as well as managing investors' money on the basis of Mudarabah or agency for a fee, providing commercial banking services and other investment activities. The registered office of the Bank is located at Malalai Zezhantoon Square, Quway – E – Markaz, Shahr – E – Naw, District 10, Kabul, Afghanistan. Da Afghanistan Bank (DAB) had granted in principle approval for Islamic Banking business to the bank in January 2016. After in principle approval the bank initiated the process of procurement of Core banking system for Islamic banking, appointment of experienced Islamic banking management and development of Islamic banking policies and procedures to comply with DAB's requirements. From April 1, 2018 till April 8, 2018 the Bank was in conversion process and upon completion of conversion process, the DAB had granted full fledged Islamic Banking License to the Bank on April 9, 2018. Currently bank is operating 59 Branches and 02 cash counters.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Bank has adopted the Financial Accounting Framework of AAOIFI after conversion in to Islamic Banking. The financial statements are prepared in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Bank and in conformity with the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB) takes precedence. In accordance with the requirements of AAOIFI, for matters, which are not covered by the AAOIFI standards, the Bank uses the relevant International Financial Reporting Standards ('the IFRS') issued by International Accounting Standards Board. Financial Statements are in conformity with Shari'ah rules and regulations after obtaining License from DAB.

2.2 Basis of measurement

These condensed interim financial statements have been prepared on the historical cost basis except as otherwise disclosed in accounting policies.

2.3 Functional and presentation currency

These financial statements are presented in Afghani ("AFN") which is the bank's functional & National currency. Except or otherwise indicated, the financial information presented in AFN has been rounded to nearest thousand.

3 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial years. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and judgment will, by definition, rarely equal the related actual results. The material estimates, assumptions and judgments used to measure and classify the carrying amounts of following assets and liabilities have been taken into consideration:

ISLAMIC BANK OF AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

- a) Provision for Financing losses
- b) Provision for income taxes
- c) Useful life of property and equipment and intangible assets
- d) Held to maturity investments

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are to be read with latest annual audited financial statements.

	Note	30-Sep-19 Afn '000'	31-Dec-18
5 Cash and cash equivalents			
Cash in hand	5.1	2,183,438	3,349,446
Balances with banks:			
Balances with Da Afghanistan Bank		3,486,369	3,932,276
Required reserve accounts	5.2	1,222,825	1,064,852
Balances with other banks and Financial Institution	5.3	2,887,872	4,133,768
		7,597,066	9,130,896
		9,780,504	12,480,342
5.1 Cash in hand			
Local currency		950,119	1,482,585
Foreign currency		1,233,319	1,866,861
		2,183,438	3,349,446
5.2			
Required reserve account is being maintained with DAB which is denominated in respective currencies to meet minimum reserve requirement in accordance with Article 3 "Required Reserves Regulation" of the Banking.			
5.3 Balances with other banks			
Aktif Bank		408,710	385,694
Yinzhou Bank		1	1
Development Credit Bank Ltd		9,727	14,647
BMCE Bank		1,194,757	2,191,325
Yes Bank		10,604	5,060
Pashtany Bank		300,001	300,001
Nurol Bank		425,793	383,823
Transkapital Bank		52,465	286,068
Daman Investments		9,854	183,989
Shuaa Capital		414,416	383,160
Reyl Finance (MEA) Ltd		61,544	-
		2,887,872	4,133,768

ISLAMIC BANK OF AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

		30-Sep-19	31-Dec-2018
	Note Afn '000'
		868,943	849,461

6 Islamic financings and Related assets

Financing - at amortized cost

6.1	Islamic Financing	Gross amount	Jointly Financed	Self Financed	Impairment allowance	Carrying amount
				30 September 2019		
			 Afn '000'		
	Murabaha receivables and Purchases	752,131	752,131	-	24,902	727,229
	Diminishing musharaka	141,714	141,714	-	-	141,714
		893,845	893,845	-	24,902	868,943

	31 December 2018
 Afn '000'
Murabaha receivables	719,321
Diminishing musharaka	145,810
	865,131

	30-Sep-19	31-Dec-2018
 Afn '000'
	15,670	33,841
	9,232	15,670
	-	(135,502)
	-	101,661
	24,902	15,670

Movement in Impaired Financing

Opening balance
 Charged for the period / year
 Reversal during the period / year
 Impairment of loans acquired by parent bank - at par
 Closing balance

ISLAMIC BANK OF AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

7 Investments:

	Jointly Financed		Self Financed		Gross Amount	
	30-Sep-2019	31-Dec-2018	30-Sep-2019	31-Dec-2018	30-Sep-2019	31-Dec-2018
 Afn '000'					
7.1 Investment in securities - Held to Maturity						
Quoted Securities:						
Corporate Sukuk	1,473,665	706,289	-	-	1,473,665	706,289
Government Sukuk	1,513,749	432,307	-	-	1,513,749	432,307
	2,987,414	1,138,596	-	-	2,987,414	1,138,596
7.2 Other investments						
Investment is equity instrument -	-	-	16,888	16,888	16,888	16,888
Afghanistan Payment System						
Money Market Fund	101,767	693,337	-	-	101,767	693,337
	101,767	693,337	16,888	16,888	118,655	710,225
	3,089,181	1,831,933	16,888	16,888	3,106,069	1,848,821

8 Investments in real estate

During the year management has re-classified the Non-current Asset Held for Sale to Investment in Real Estate on the basis of approval letter for full-fledge conversion to Islamic Bank of Da Afghanistan Bank vide Letter No. 6786/6808 Dated 26-10-1396, whereby the bank is allowed to invest in real estate upto 20% of its regulatory capital.

ISLAMIC BANK OF AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	30-Sep-19 Afn '000'	31-Dec-18
9 Other assets		
Prepayments	110,334	97,953
Security deposit	-	1,500
Advance income tax	149,731	168,496
Western union - In bound balance	527,207	44,278
Murabaha profit receivable / Accrued Profit	118,607	42,134
Advance Against Murabaha	-	1,600
Advance against capital expenditure	472,664	140,699
Others	590,913	729,607
	<u>1,969,456</u>	<u>1,226,267</u>
10 Current accounts and Equity of un-restricted investment account holders		
10.1 Current and saving accounts from customers		
Demand / Current account	4,909,049	9,138,232
Deposits against financial commitments	1,630,613	1,924,545
	<u>6,539,662</u>	<u>11,062,777</u>
10.2 Equity of un-restricted investment account holders		
Mudarabah saving deposits	5,037,046	4,214,251
Mudarabah fixed deposits	2,642,985	-
	<u>7,680,031</u>	<u>4,214,251</u>
Total deposits from customers and equity of un-restricted investment account holders	<u>14,219,693</u>	<u>15,277,028</u>
11 Other liabilities		
Withholding tax payable	32,273	20,357
Creditors and accruals	281,725	272,780
Profit payable	13,456	1,008
Deferred income	27,540	2,582
Provision for off-Balance Sheet Commitments	-	27,801
Cash Cover Account	11.1 162,077	-
Others	103,993	37,290
	<u>621,064</u>	<u>361,818</u>
11.1 On instruction of DAB, bank has opened a cash cover account where DAB transferred Margin Money of a Customer, who is availing Forward Letter of Credit facility from the Islamic Bank.		
12 SHARE CAPITAL		
<i>Authorized</i>		
250,000 ordinary shares of Afn 10,000 each	<u>2,500,000</u>	<u>2,500,000</u>
<i>Issued and paid up</i>		
1,775,000 ordinary shares (2018: 1,775,000) of Afn 10,000 each	<u>1,775,000</u>	<u>1,775,000</u>

ISLAMIC BANK OF AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Number of shares	
	30-Sep-19	31-Dec-18
12.1 Following is the reconciliation of number of shares:		
Number of shares at beginning of the period / year	177,500	172,500
Shares issued during the period / year	-	5,000
Number of shares at end of the period / year	177,500	177,500

..... Afn '000'

12.2 Following is the reconciliation of amount of share capital:		
Share capital at beginning of the period / year	1,775,000	1,725,000
Shares issued during the period / year	-	50,000
Share capital at end of the period / year	1,775,000	1,775,000

13 CONTINGENCIES AND COMMITMENTS

Guarantees and Letter of credit issued on behalf of customers	4,477,742	4,945,271
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- 13.1 On March 25, 2017 Da Afghanistan Bank had lined the amount of \$5 Million from account of the bank on the basis of letter dated March 15, 2017 having reference no. 0628 as lien against the bank guarantee issued to Haji Khalil and Investment for the Ministry of Power and Energy. Claim was launched at April 19, 2016 vide letter no 1164/82, against the bank guarantee whereas, the expiry date of the bank guarantee was 30 April 2015. Management had taken written representation from the shareholders that incase of lodgment of the claim through court of law they will be liable to settle the liability, as Da Afghanistan Bank had marked the lien on the balance. However, management is showing the said amount as reconciling amount in the related US Dollar Bank Account 3000205027306 with DAB. Management had also communicated the matter to Presidential office and had informed them about the whole scenario of the matter vide letter no. 14/10/17/01075. However at conversion stage parent bank has given representation as counter guarantee incase of any unwarranted event.

ISLAMIC BANK OF AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	<u>30-Sep-19</u>	<u>30-Sep-18</u>
 Afn '000'	
14 Deferred sales and diminishing musharaka rentals		
Deferred sales and diminishing musharaka rentals		
Unearned murabaha income	92,667	34,682
Diminishing musharaka rentals	14,145	-
	<u>106,812</u>	<u>34,682</u>
15 Interest income*		
Cash and cash equivalents	-	5,467
Loans and advances	-	22,493
	<u>-</u>	<u>27,960</u>
16 Profit on investments		
Return on Sukuk - Sovereign Guaranteed	24,826	4,667
Return on Sukuk - Corporate	45,360	-
Return on Placements and ICD Money Market fund	16,519	24,592
Return on Placements (Commodity Murabaha & Wakalah)	40,324	-
	<u>127,029</u>	<u>29,259</u>
17 Return on unrestricted investment accounts		
Profit payment on saving accounts	138,471	39,163
Return on Shuaa Capital Placement	13,061	-
	<u>151,532</u>	<u>39,163</u>
18 Administrative and general expenditures		
Salaries and wages	203,049	188,308
Staff welfare	28,921	31,389
Repair and maintenance	25,808	25,011
Travelling expense	8,562	8,331
Advertising and publicity	66,423	54,764
Operating Lease	69,000	59,041
Printing and stationery	15,428	17,932
Communication	2,938	5,027
Internet and connectivity	16,149	19,923
Electricity and power	25,841	24,268
Office supplies	3,677	4,386
Security expenses	103,206	118,842
Audit fee	4,487	3,767
Legal and professional charges	4,857	4,749
Postage and courier	53	48
Software maintenance fee	4,995	2,933
Deposit insurance premium	19,846	17,606
Others	33,131	68,151
	<u>636,371</u>	<u>654,476</u>

ISLAMIC BANK OF AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

19 Capital management

Regulatory capital

The Bank's regulator Da Afghanistan Bank sets and monitors capital requirements for the Bank. The capital adequacy of the Bank is assessed in two tiers as per regulations of the Da Afghanistan Bank.

- Tier 1 or core capital, consisting of the highest quality capital elements that fully meet all the essential characteristics of capital i.e. to be minimum 6% of risk weighted assets.
- Tier 2 or supplementary capital, which includes other instruments which to a varying degree, fall short of the quality of Tier 1 capital, but nonetheless contribute to the overall strength of a bank as a going concern.

The Bank's regulatory capital position at 30 September 2019 was as follows:

	<u>30-Sep-19</u>	<u>31-Dec-2018</u>
	<u>..... Afn '000'</u>	
Tier 1 capital		
Total equity capital	1,303,880	1,264,495
Less: Intangible assets	(306,501)	(334,483)
Less: Deferred tax assets	(99,041)	(110,279)
Less: Profit during the period / year	(39,385)	(66,704)
Total tier 1 (core) capital	<u>858,954</u>	<u>753,029</u>
Tier 2 capital		
Add: Profit for the period / year	39,385	66,704
	<u>39,385</u>	<u>66,704</u>
Less: Equity Investment	16,888	16,888
Total regulatory capital	<u>881,451</u>	<u>802,845</u>

20 Related Parties Transactions

Ultimate controlling party

The bank is wholly owned subsidiary of Azizi Bank.

Transaction with the parent bank

Receipt of performance guarantee 40,000 -

Transactions with key management personnel

The Bank has a related party relationship with its shareholders, directors, key management personnel and their close family members. The bank had transactions with following related parties at mutually agreed terms during the period/year:

Short-term benefits paid 28,921 30,133

Key management personnel of the Bank include the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Risk Officer, Chief Credit Officer and Chief Compliance Officer.

21 Date of Authorization

These condensed interim financial statements were authorized for issue by the Board of Supervisors on _____ 2019.


Chairman


Chief Executive Officer


Chief Financial Officer