

Independent audit report to the members of Kaebauk Investimentu No Finansas, SA

Report on the Audit of the Financial Report

We have audited the accompanying financial report of Kaebauk Investimentu No Finansas, SA ("the Company"), which comprises the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2020, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of Kaebauk Investimentu No Finansas, SA as at 31 December 2020, and its financial performance and its cash flows for the year ended 31 December 2020 in accordance with *International Financial Reporting Standards*.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We are independent of the Company in accordance with the ethical requirements of the *International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants*. ("the Code") that are relevant to our audit of the financial report in Timor-Leste. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Responsibility of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with *International Financial Reporting Standards* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Merit Partners



Matthew Kennon
Partner
DARWIN
12 April 2021

KAEBANK INVESTMENTU NO FINANSAS, SA
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

		31-Dec-20	31-Dec-19
	Note	----- USD -----	-----USD-----
Interest Income	2	5,376,809	5,442,735
Interest Expense	2	(579,011)	(612,944)
Net Interest Income		4,797,798	4,829,791
Other revenue and income	3	49,949	428,127
Provisions and write offs	8.1	(305,058)	(203,646)
Administrative Expenses		(190,421)	(208,302)
Repairs and maintenance		(255,889)	(216,141)
Fuel and oil		(141,952)	(148,105)
Employee salaries and benefits expense		(2,047,577)	(1,772,717)
Rent expense		(308,233)	(209,032)
Travel and lodging allowance		(45,296)	(59,029)
Utilities		(101,544)	(94,796)
Depreciation and amortization expense	9 & 10	(110,978)	(121,129)
Other expenses	4	(339,929)	(84,762)
Profit before tax		1,000,870	2,140,259
Income tax expense		-	-
Profit after tax		1,000,870	2,140,259
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		1,000,870	2,140,259

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

KAERBAUK INVESTIMENTU NO FINANSAS, SA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

		31-Dec-20	31-Dec-19
	Note	----- USD -----	----- USD -----
ASSETS			
Cash and cash equivalents	6	1,355,445	2,372,809
Term Deposits in Banks	7	3,203,157	3,200,000
Loans and advances	8	16,351,084	15,982,041
Property, plant and equipment	9	298,751	218,131
Intangible assets	10	968	150,268
Other assets	11	64,818	68,006
TOTAL ASSETS		21,274,223	21,991,255
LIABILITIES			
Cash Collateral	12	2,721,112	2,794,108
Payables due to other financial institutions	13	9,883,613	11,782,323
Subordinated debt	14	900,000	900,000
Deposits	15	986,045	850,412
Other payables	16	1,346,821	304,474
TOTAL LIABILITIES		15,837,591	16,631,317
NET ASSETS		5,436,632	5,359,938
EQUITY			
Share Capital		2,000,000	2,000,000
Retained Earnings		3,112,628	3,045,149
Reserves		324,004	314,789
TOTAL EQUITIES		5,436,632	5,359,938

The above statement of financial position should be read in conjunction with the accompanying notes.