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Independent Auditors' Report on Review of Condensed Interim Financial Statements to the Shareholders of Afghan United Bank

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We have reviewed the accompanying condensed interim statement of financial position of **Afghan United Bank** (“the Bank”), as of March 31, 2017, and the related condensed interim statements of comprehensive income, statement of changes in equity and statement of cash flows for the three months then ended, and the notes to the condensed interim financial statements and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with relevant International Financial Reporting Framework (IFRSs), the requirements of the Law of 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 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 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 March 31, 2017, and of its financial performance and its cash flows for the three-months then ended in accordance with International Financial Reporting Framework (IFRSs) and the requirements of the Law of Banking in Afghanistan.

Kabul

Date: May 14, 2017



Grant Thornton Afghanistan
Grant Thornton Afghanistan
Chartered Accountants

AFGHAN UNITED BANK
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	Note	Un-audited 31-Mar-17	Audited 31-Dec-16
	 Afs '000'	
ASSETS			
Cash and balances with central bank	6	7,235,505	8,545,896
Balances with other banks	7	1,584,025	1,346,359
Investments	8	1,210,902	1,293,680
Loans and advances to customers	9	6,687,507	6,896,571
Property and equipment	10	1,006,386	1,013,837
Intangible assets	11	10,199	11,429
Other assets		1,844,992	1,814,392
Total assets		19,579,516	20,922,164
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	1,522,030	1,522,030
Revaluation reserve		541,683	541,683
Retained earning		222,916	59,439
Total equity		2,286,629	2,123,152
LIABILITIES			
Deposits from customers	13	16,809,891	18,357,459
Deferred tax liability		149,441	149,441
Provision for tax		30,348	3,585
Other liabilities		303,207	288,527
Total liabilities		17,292,887	18,799,012
Total equity and liabilities		19,579,516	20,922,164

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 16 form an integral part of these financial statements.



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AFGHAN UNITED BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2017

	Note	Un-audited 31-Mar-17 Afs '000'	Un-audited 31-Mar-16
Interest income		246,671	224,065
Interest expense		(26,285)	(21,866)
Net interest income		220,386	202,199
Fee and commission income		61,951	93,807
Fee and commission expense		(2,658)	(6,219)
Net fee and commission income		59,293	87,588
Other operating income		45,567	13,266
Operating income		325,246	303,053
Net impairment loss on financial assets	9.6	26,224	(171,923)
Net losses on disposal and de-recognition of fixed assets		-	-
Depreciation	10	(8,737)	(9,448)
Amortization	11	(1,230)	(3,778)
Employee compensation		(59,462)	(52,693)
Operating lease expenses		(12,319)	(11,007)
Other expenses		(65,377)	(55,376)
Profit/ (Loss) before tax		204,345	(1,172)
Income tax expense		(40,869)	234
Profit/ (Loss) for the period		163,476	(937)
Other comprehensive income			
Profit for the period		163,476	(937)
Incremental (depreciation)/ movement in revaluation		-	-
Total comprehensive income for the period		163,476	(937)

The annexed notes 1 to 16 form an integral part of these financial statements.



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AFGHAN UNITED BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2017

	Share capital	Revaluation reserve	Retained earning	Total
 Afs '000'			
Balance as at January 01, 2016	1,522,030	574,960	1,523	2,098,513
Total comprehensive income for the year				
Profit for the year	-	-	57,916	57,916
Other comprehensive income	-	(33,277)	-	(33,277)
	-	(33,277)	57,916	24,639
Transactions with owners				
Issuance of shares	-	-	-	-
Balance as at December 31, 2016	<u>1,522,030</u>	<u>541,683</u>	<u>59,440</u>	<u>2,123,152</u>
Balance as at January 01, 2017	1,522,030	541,683	59,440	2,123,152
Total comprehensive income for the period				
Profit for the period	-	-	163,476	163,476
Other comprehensive income	-	-	-	-
	-	-	163,476	163,476
Transactions with owners				
Issuance of shares	-	-	-	-
Balance as at March 31, 2017	<u>1,522,030</u>	<u>541,683</u>	<u>222,916</u>	<u>2,286,628</u>

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The annexed notes 1 to 16 form an integral part of these financial statements.



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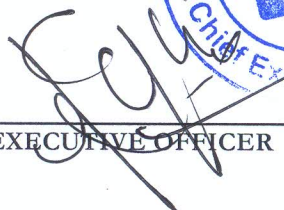


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AFGHAN UNITED BANK
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2017

	Note	Un-audited 31-Mar-17 Afs '000'	Un-audited 31-Mar-16
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		204,345	(1,172)
Adjustments for:			
Net impairment loss on financial assets	9.6	(26,224)	746,462
Depreciation	10	8,737	9,448
Amortization	11	1,230	3,778
Net (gain)/ loss on disposal of fixed assets		-	-
		<u>188,088</u>	<u>758,516</u>
Increase /decrease in current assets and liabilities			
Investments		82,778	(482,070)
Loans and advances to customers		235,288	(1,060,667)
Other assets		(30,600)	(302,985)
Deposits from customers		(1,547,567)	(309,729)
Other liabilities		12,795	123,520
		<u>(1,059,218)</u>	<u>(1,273,416)</u>
Income tax paid		<u>(12,221)</u>	<u>(17,709)</u>
Net cash generated from/ (used in) operating activities		<u>(1,071,439)</u>	<u>(1,291,125)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(1,287)	(2,132)
Purchase of intangible assets		-	-
Proceeds from disposal of property and equipment		-	-
Net cash used in investing activities		<u>(1,287)</u>	<u>(2,132)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	-
Net cash generated from/ (used in) financing activities		<u>-</u>	<u>-</u>
Net increase/ (decrease) in cash and cash equivalents		<u>(1,072,726)</u>	<u>(1,293,257)</u>
Cash and cash equivalents, beginning of period		9,892,255	10,218,398
Cash and cash equivalents, end of period		<u><u>8,819,529</u></u>	<u><u>8,925,141</u></u>

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