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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 June 30, 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 June 30, 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: August 14, 2017



Grant Thornton Afghanistan

Grant Thornton Afghanistan
Chartered Accountants

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

	Note	Un-audited 30-Jun-17	Audited 31-Dec-16
..... Afs '000'			
ASSETS			
Cash and balances with central bank	6	7,877,159	8,545,896
Balances with other banks	7	1,099,975	1,346,359
Investments	8	808,909	1,293,680
Loans and advances to customers	9	6,294,546	6,896,571
Property and equipment	10	999,164	1,013,837
Intangible assets	11	10,198	11,429
Other assets		1,780,315	1,814,392
Total assets		18,870,266	20,922,164
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	1,522,030	1,522,030
Revaluation reserve		541,683	541,683
Retained earning		(84,899)	59,439
Total equity		1,978,814	2,123,152
LIABILITIES			
Deposits from customers	13	16,391,516	18,357,459
Deferred tax liability		149,441	149,441
Provision for tax		-	3,585
Other liabilities		350,495	288,527
Total liabilities		16,891,452	18,799,012
Total equity and liabilities		18,870,266	20,922,164

CONTINGENCIES AND COMMITMENTS

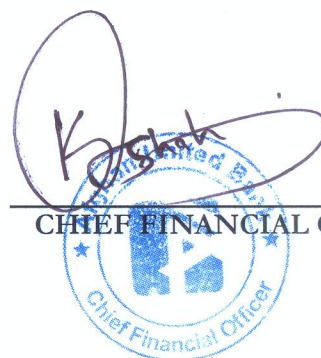
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The annexed notes 1 to 16 form an integral part of these financial statements.

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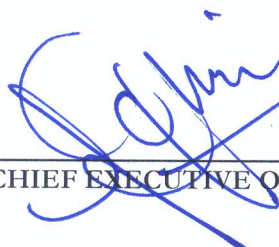
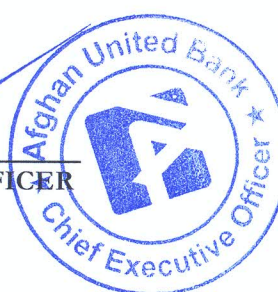
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AFGHAN UNITED BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2017

	Note	Quarter Ended 30-Jun-17	Half Year ended 30-Jun-17	Quarter ended 30-Jun-16	Half Year ended 30-Jun-16
..... Afs '000'					
Interest income		227,590	474,261	270,233	494,298
Interest expense		(34,209)	(60,494)	(31,592)	(53,458)
Net interest income		193,381	413,767	238,641	440,840
Fee and commission income		59,613	121,564	78,011	171,818
Fee and commission expense		(2,733)	(5,391)	(9,018)	(15,237)
Net fee and commission income		56,880	116,173	68,993	156,581
Other operating income		20,778	66,345	10,994	24,260
Operating income		271,039	596,285	318,628	621,681
Net impairment loss on financial assets	9.6	(506,923)	(480,699)	(49,001)	(220,924)
Depreciation	10	(8,677)	(17,414)	(9,540)	(18,988)
Amortization	11	(1,265)	(2,495)	(3,762)	(7,540)
Employee compensation		(59,344)	(118,806)	(56,051)	(108,744)
Operating lease expenses		(11,970)	(24,289)	(12,229)	(23,236)
Other expenses		(67,628)	(133,005)	(62,050)	(117,426)
Profit/ (Loss) before tax		(384,768)	(180,423)	125,995	124,823
Income tax		76,953	36,084	(36,419)	(36,185)
Profit/ (Loss) for the period		(307,815)	(144,339)	89,575	88,638
Other comprehensive income					
Profit/ (Loss) for the period					
Incremental (depreciation)/ movement in revaluation		-	-	-	-
Total comprehensive income for the period		(307,815)	(144,339)	89,575	88,638

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 HALF YEAR ENDED JUNE 30, 2017

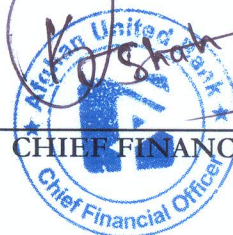
	Share capital	Revaluation reserve	Retained earning	Total
 Afs '000'			
Balance as at January 01, 2016	1,522,030	574,960	1,523	2,098,513
Total comprehensive income for the year				
Profit for the year	-	-	57,916	57,916
Other comprehensive income	-	(33,277)	-	(33,277)
	-	(33,277)	57,916	24,639
Transactions 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	-	-	(144,339)	(144,339)
Other comprehensive income	-	-	-	-
	-	-	(144,339)	(144,339)
Transactions with owners				
Issuance of shares	-	-	-	-
Balance as at June 30, 2017	<u>1,522,030</u>	<u>541,683</u>	<u>(84,899)</u>	<u>1,978,813</u>

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

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AFGHAN UNITED BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2017

	Note	Half Year ended 30-Jun-17 Afs '000'	Half Year ended 30-Jun-16
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (loss) before tax		(180,423)	124,823
Adjustments for:			
Net impairment loss on financial assets	9.6	480,699	220,924
Depreciation	10	17,414	18,988
Amortization	11	2,495	7,540
Net (gain)/ loss on disposal of fixed assets		-	17
		<u>320,185</u>	<u>372,292</u>
Increase /decrease in current assets and liabilities			
Investments		476,600	(547,610)
Loans and advances to customers		129,497	(1,962,897)
Other assets		66,576	(283,648)
Deposits from customers		(1,965,943)	402,290
Other liabilities		62,020	137,282
		<u>(911,065)</u>	<u>(1,882,292)</u>
Income tax paid		(50)	(44,899)
Net cash generated from/ (used in) operating activities		<u>(911,115)</u>	<u>(1,927,191)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(2,742)	(5,173)
Purchase of intangible assets		(1,264)	13
Net cash used in investing activities		<u>(4,006)</u>	<u>(5,160)</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>(915,121)</u>	<u>(1,932,351)</u>
Cash and cash equivalents at beginning of the period		9,892,255	10,218,398
Cash and cash equivalents at end of the period		<u>8,977,134</u>	<u>8,286,047</u>

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