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

Grant Thornton Afghanistan

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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, 2018, and the related condensed interim statements of comprehensive income, statement of changes in equity and statement of cash flows for the half year 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.

Basis of Qualified Conclusion

IFRS 9 “Financial Instruments” has been effective from January 1, 2018, however, the accompanying condensed interim financial statements do not comply with the requirements of IFRS 9 which shall affect the Bank’s financial statements. This constitute a departure from the applicable financial reporting framework as disclosed in note 2 of these financial statements.

Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at June 30, 2018, and of its financial performance and its cash flows for the half year then ended in accordance with applicable International Financial Reporting Framework (IFRSs) and the requirements of the Law of Banking in Afghanistan.

Kabul
Date: August 13, 2018



Grant Thornton AF

Grant Thornton Afghanistan
Chartered Accountants

AFGHAN UNITED BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	Un-audited 30-Jun-18 Afs '000'	Audited 31-Dec-17
ASSETS			
Cash and balances with central bank	7	7,419,653	8,948,606
Balances with other banks	8	1,987,187	1,910,124
Investments	9	834,179	897,296
Loans and advances to customers	10	7,238,940	7,432,069
Property and equipment	11	966,408	959,911
Intangible assets	12	8,793	8,022
Other assets		2,170,196	2,113,835
Total assets		20,625,356	22,269,863
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,522,030	1,522,030
Revaluation reserve		508,406	508,406
Retained earning		503,489	176,854
Total equity		2,533,925	2,207,290
LIABILITIES			
Deposits from customers	14	17,546,335	19,488,727
Deferred tax liability		145,954	145,954
Provision for tax		80,342	21,970
Other liabilities		318,800	405,922
Total liabilities		18,091,431	20,062,573
Total equity and liabilities		20,625,356	22,269,863
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 18 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

AFGHAN UNITED BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	Quarter Ended 30-Jun-18	Half Year ended 30-Jun-18	Quarter Ended 30-Jun-17	Half Year ended 30-Jun-17
Note Afs '000'			
Mark-up/return /interest earned	229,612	455,428	227,590	474,261
Mark-up /return /interest expensed	(13,510)	(47,400)	(34,209)	(60,494)
Net interest income	216,102	408,028	193,381	413,767
Fee and commission income	59,920	116,528	59,613	121,564
Fee and commission expense	(2,126)	(4,100)	(2,733)	(5,391)
Net fee and commission income	57,794	112,428	56,880	116,173
Other operating income	91,969	103,997	20,778	66,345
Operating income	365,865	624,453	271,039	596,285
Net impairment (loss)/ reversal on financial assets	69,920	59,071	(506,923)	(480,699)
(Provision)/reversal on off-balance sheet items	1,299	23,157	-	-
Depreciation	(8,040)	(15,925)	(8,677)	(17,414)
Amortization	(1,364)	(2,559)	(1,265)	(2,495)
Employee compensation	(60,568)	(122,064)	(59,344)	(118,806)
Operating lease expenses	(11,720)	(23,401)	(11,970)	(24,289)
Other expenses	(70,813)	(134,437)	(67,628)	(133,005)
Profit/ (Loss) before tax	284,579	408,295	(384,768)	(180,423)
Income tax expense	(56,916)	(81,659)	76,953	36,084
Profit/ (Loss) for the year	227,663	326,636	(307,815)	(144,339)
Other comprehensive income				
Profit for the period	227,663	326,636	(307,815)	(144,339)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	227,663	326,636	(307,815)	(144,339)

The annexed notes 1 to 18 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

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AFGHAN UNITED BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2018

	Share capital	Revaluation reserve	Retained earning	Total
	Afs '000'			
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>
Balance as at January 01, 2018	1,522,030	508,407	176,853	2,207,291
Total comprehensive income for the period				
Profit for the period	-	-	326,636	326,636
Other comprehensive income	-	-	-	-
	-	-	326,636	326,636
Transactions with owners				
Issuance of shares	-	-	-	-
Balance as at June 30, 2018	<u>1,522,030</u>	<u>508,407</u>	<u>503,489</u>	<u>2,533,927</u>

The annexed notes 1 to 18 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



AFGHAN UNITED BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	Note	Half Year ended 30-Jun-18 Afs '000'	Half Year ended 30-Jun-17
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		408,295	(180,423)
Adjustments for:			
Net impairment loss/ (reversal) on financial assets		(59,071)	480,699
Provision expense/ (reversal) on off-balance sheet items		(23,157)	-
Depreciation	11	15,925	17,414
Amortization	12	2,559	2,495
		<u>344,551</u>	<u>320,185</u>
Increase /decrease in current assets and liabilities			
Investments		63,117	476,600
Loans and advances to customers		275,357	129,497
Other assets		(56,361)	66,576
Deposits from customers		(1,942,392)	(1,965,943)
Other liabilities		(87,588)	62,020
		<u>(1,403,316)</u>	<u>(911,065)</u>
Income tax paid		(22,821)	(50)
Net cash generated from/ (used in) operating activities		<u>(1,426,137)</u>	<u>(911,115)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	11	(22,423)	(2,742)
Purchase of intangible assets	12	(3,330)	(1,264)
Net cash used in investing activities		<u>(25,753)</u>	<u>(4,006)</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>(1,451,890)</u>	<u>(915,121)</u>
Cash and cash equivalents, beginning of period		10,858,730	9,892,255
Cash and cash equivalents, end of period		<u>9,406,840</u>	<u>8,977,134</u>

The annexed notes 1 to 18 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER



AFGHAN UNITED BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2018

1 STATUS AND NATURE OF BUSINESS

Afghan United Bank ("the Bank") is a commercial bank registered and operating in Afghanistan. The registered office of the bank is located in Kabul, Afghanistan.

The bank obtained business license from Afghanistan Investment Support Agency (AISA) bearing license no: D-27284. The bank commenced its operations on October 04, 2007 under the license for commercial banking issued by Da Afghanistan bank (DAB) under the law of banking in Afghanistan. Currently, the bank is being operated with twenty six branches including two full fledge Islamic banking branches (2017: twenty six branches) in different provinces of Afghanistan.

These condensed interim financial statements for the quarter ended June 30, 2018 (including comparatives) have been approved and authorized for issue by the board of supervisors on August 13, 2018.

2 STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial statements of the Bank for the quarter ended June 30, 2018 is unaudited and have been prepared in accordance with the International Accounting Standard 34, 'Interim Financial Reporting', issued by the International Accounting Standard Board (IASB) and directives issued by the Central Bank of Afghanistan (DAB). In case the requirements differs, the provisions of the law of banking in Afghanistan and directives issues by DAB shall prevail.

The disclosures made in this condensed interim financial statements have been limited and do not include all the information as required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2017.

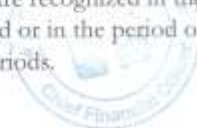
3 BASIS OF PREPARATION

3.1 Basis of measurement

These condensed interim financial statements have been prepared on the historical cost basis except that certain fixed assets are stated at revalued amount and certain investments, non-banking assets acquired in satisfaction of claims and commitments in respect of forward foreign exchange contracts have been marked to market and are carried at fair value.

3.2 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of accounting policies and reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.



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AFGHAN UNITED BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2018

The judgements, estimates and assumptions applied in the Interim Financial Statements, including key sources of estimation uncertainty, were same as those applied in the Bank's last annual financial statements for the year ended 31 December 2017 in addition to newly applied IFRS 9.

Measurement of expected credit losses

Credit losses are the difference between all contractual cash flows the Bank is due and the cash flows that it actually expects to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Bank's judgement. The expected credit losses are discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognized in the financial statements are described in the following:

- a) Note 9.6 Provision against non-performing loans and advances to customers
- b) Note 10 Valuation and depreciation rates for fixed assets
- c) Note 11 Amortization of intangible assets

Following depreciation rates are used for property and equipments on straight line basis:

- 5% for office building
- 20% for furniture and fixture
- 33% for computer equipments
- 25% for vehicles and office equipments
- 33.33% for software and licenses

3.2 Functional and presentation currency

These financial statements are presented in Afghani (AFS), which is the Bank's functional currency. Except as otherwise indicated, financial information presented in Afs has been rounded to the nearest thousand.

4 NEW STANDARDS ADOPTED AS AT JANUARY 1, 2018

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at January 1, 2018.

IFRS 15 has impact on accounts and transaction fee related to saving and current account, credit card related fees and credit facility commitment fee in some circumstances.



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AFGHAN UNITED BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2018

IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the Bank has opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

The adoption of IFRS 9 has impacted the following areas:

The classification and measurement of the Bank's financial assets. Management holds most financial assets to hold and collect the associated cash flows. The majority of investments previously classified as held-to-maturity (HTM) investments continue to be accounted for at amortised cost.

The impairment of financial assets applying the expected credit loss model. This affects the Bank's credit portfolio. For contract assets arising from IFRS 15 and trade receivables, the Bank applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

The recognition of gains and losses arising from the Bank's from own credit risk. The Bank continues to elect the fair value option for certain financial liabilities which means that fair value movements from changes in the Bank's own credit risk are presented in other comprehensive income rather than profit or loss.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2017 except for the impact of significant changes in the DAB Assets Classification and Provisioning Regulation and application of IFRS 9.

The basis for accounting estimates adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2017 in addition to those required in IFRS 9.

6 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements for the year ended December 31, 2017.



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AFGHAN UNITED BANK
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED JUNE 30, 2018

7 CASH AND BALANCES WITH CENTRAL BANK	Note	Un-audited 30-Jun-18	Audited 31-Dec-17
	 Afs '000'	
In hand			
Local currency		1,917,425	1,012,185
Foreign currencies		2,075,803	3,593,691
		<u>3,993,228</u>	<u>4,605,876</u>
With Da Afghanistan Bank in:			
Local currency current accounts		1,347,347	1,153,067
Foreign currency current accounts		676,306	1,439,026
Placements - Capital Notes		-	197,730
Overnight Deposit with Central Bank		1,402,772	1,552,907
		<u>3,426,425</u>	<u>4,342,730</u>
		<u>7,419,653</u>	<u>8,948,606</u>
8 BALANCES WITH OTHER BANKS			
In Afghanistan			
National Bank of Pakistan		551	524
Pashtany Bank		370,076	352,172
		<u>370,627</u>	<u>352,696</u>
Outside Afghanistan			
CSC Bank, Lebanon		33,927	29,046
Aktif Bank, Turkey		241,649	354,379
Axis Bank, China		11,699	14,006
BMCE Bank, Spain		391,329	533,156
Nurol Bank, Turkey		1,848	796
Bahrain Middle East Bank		936,108	626,045
		<u>1,616,560</u>	<u>1,557,428</u>
		<u>1,987,187</u>	<u>1,910,124</u>
9 INVESTMENTS			
Held to maturity			
Aktif Bank, Turkey		256,445	244,020
BMCE Bank, Spain		219,810	174,300
Bahrain Middle East Bank		366,350	348,600
Nurol Bank, Turkey		-	139,440
		<u>842,605</u>	<u>906,360</u>
General provision on investments	9.1	<u>(8,426)</u>	<u>(9,064)</u>
Investments - Net of provisions		<u>834,179</u>	<u>897,296</u>
9.1 Particulars of provision against investments			
Opening balance		9,064	-
Charge for the period/ year		(638)	9,064
Write off during the period/ year		-	-
		<u>(638)</u>	<u>9,064</u>
Closing balance		<u>8,426</u>	<u>9,064</u>

General provision against investment is held @ 1% (2017: 1%) of the gross amount of investments.



AFGHAN UNITED BANK
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED JUNE 30, 2018

10 LOANS AND ADVANCES TO CUSTOMERS	Note	Un-audited 30-Jun-18	Audited 31-Dec-17
	 Afs '000'	
Conventional financing			
Running finance	10.2	4,293,884	4,202,423
Term finance	10.3	639,373	836,346
		<u>4,933,257</u>	<u>5,038,770</u>
Islamic financing			
Murabaha	10.4	2,815,693	2,785,453
Ijara	10.5	-	242,068
		<u>7,748,950</u>	<u>8,066,291</u>
Provision against non-performing loans and advances		<u>(510,010)</u>	<u>(634,222)</u>
Loans and advances to customers - net		<u><u>7,238,940</u></u>	<u><u>7,432,069</u></u>

10.1 Particulars of loans and advances to customers - gross

In local currency	1,367,670	1,269,611
In foreign currencies	6,381,280	6,796,680
	<u>7,748,950</u>	<u>8,066,291</u>

10.2 These carry interest ranging between 12% to 15% per annum (2017: 12% to 15% per annum). All facilities are extended for maximum period of 12 months and are expected to be recovered within 12 months of the reporting date. These are secured against personal guarantees, mortgage of immovable properties and hypothecation over stock in trade.

10.3 These carry interest rate at 8% to 13% per annum (2017: 8% to 13% per annum). These loans have been extended for periods ranging from one year to five years (2017: one year to three years) and are secured against personal guarantees, mortgage of immovable commercial & residential properties and assignment of receivables.

10.4 These represent sale and purchase agreement under which the Bank had paid finance for the purchase of goods and then sold the requisite goods to the customer on profit margin which is ranging from 10% to 14% and per annum (2017: 10% to 14% per annum). These facilities are extended for the period of one month to four years (2017: 1 months to 4 years) and secured against personal guarantees, mortgage of immovable properties and goods supplied under the sale and purchase agreement.

10.5 These represent sale and purchase agreement under which the Bank had paid finance for the purchase of goods and then sold the requisite goods to the customer on profit margin which is ranging from 12% to 15% per annum (2017: 12% to 15%).

10.6 Particulars of provision against non-performing loans and advances

	Un-audited 30-Jun-18	Audited 31-Dec-17
 Afs '000'	
Opening balance	634,222	321,150
Charge for the period/ year	(56,604)	316,575
Write off during the period/ year	(91,951)	(17,489)
Currency Fluctuation effect	24,343	13,987
	<u>(124,212)</u>	<u>313,073</u>
Closing balance	<u>510,010</u>	<u>634,222</u>



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AFGHAN UNITED BANK
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED JUNE 30, 2018

		Un-audited 30-Jun-18	Audited 31-Dec-17
	 Afs '000'	
11 PROPERTY AND EQUIPMENT			
Gross Carrying Amount			
At beginning of the period/ year		1,683,449	1,669,492
Addition during the period/ year		22,423	13,957
Disposal during the period/ year		-	-
Closing balance		1,705,872	1,683,449
Accumulated Depreciation			
At beginning of the period/ year		723,539	655,656
Charge for the period/ year		15,925	34,606
Revaluation adjustment		-	33,276
Closing balance		739,464	723,538
Net book value		966,408	959,911
12 INTANGIBLE ASSETS			
Gross carrying amount			
Opening balance		234,835	233,571
Additions during the period/ year		3,330	1,264
Closing balance		238,165	234,835
Less: Accumulated amortization			
Opening balance		226,813	222,142
Charge for the period/ year		2,559	4,671
Closing balance		229,372	226,813
Written down value		8,793	8,022
13 SHARE CAPITAL			
13.1 Authorized capital		Note	
		Un-audited 30-Jun-18	Audited 31-Dec-17
	 Afs '000'	
2018	2017		
Number of shares			
40,000,000	40,000,000	10,000,000	10,000,000
		Ordinary shares of Afs 250 each	
13.2 Issued and paid up capital			
6,088,120	6,088,120	1,522,030	1,522,030
		Ordinary shares of Afs 250 each	
14 DEPOSITS FROM CUSTOMERS			
Current deposits		11,522,453	11,672,236
Saving deposits		974,403	1,817,744
Term deposits		1,927,875	2,448,822
Margin deposits against bank guarantees		3,121,605	3,549,925
		17,546,335	19,488,727



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AFGHAN UNITED BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2018

- 14.1** Saving deposits carry interest ranging from 1% to 2% p.a (2017: 1% to 4% p.a). The profit disbursed during the period on the Islamic saving deposits ranged from 0.32% to 0.75% p.a (2017: 0.44% to 0.75% p.a).
- 14.2** Term deposits carry interest ranging from 2% to 5% per annum (2017: 2% to 5% per annum), based on the term, with maturity ranging from three to twelve months (2017: three to twelve months). Profit distribution rates on Islamic term deposits during the period ranged from 3.64% to 4.43% (2017: 3.64% to 3.78%) p.a.

15 RELATED PARTY TRANSACTIONS

Parent and ultimate controlling party

The Bank is owned by individual shareholders who owns Bank's shares in different proportions.

Key management personnel

Key management personnel includes Board of Supervisors, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Credit Officer, Chief Risk Officer and Chief HR and Administration Officer

Transactions with related parties

Transactions and balances with related parties, including remuneration and benefits paid to key management personnel under the terms of their employment are as follows:

	Balances		Transactions	
	Un-audited 30-Jun-18	Audited 31-Dec-17	Un-audited 30-Jun-18	Un-audited 30-Jun-17
 Afs '000'			
Shareholders				
Loans and advances	-	-	-	-
Interest income	-	-	-	8,289
Transactions with key management				
Short term employee benefits				
Salary and other benefits	-	-	9,348	12,806

- 15.1** In addition to salaries and remuneration, Bank also provides non-cash benefits to executives which include furnished accommodation, meal and travel cost.

16 CONTINGENCIES AND COMMITMENTS

	Un-audited 30-Jun-18	Audited 31-Dec-17
 Afs '000'	
Letter of credits and guarantees issued on behalf of customers	7,292,469	7,211,798

This include outstanding BGs amounting to AFN 709.01 million (2017: 723.73 million) issued in Islamic mode of finance.

Commitment for operating lease

- not later than one year	46,802	48,613
- later than one year and not later than five year	187,208	194,452
	<u>234,010</u>	<u>243,065</u>



AFGHAN UNITED BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

17 CAPITAL MANAGEMENT

Regulatory capital

The Banks' 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; to be 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.
- Regulatory capital is the sum of Tier 1 and Tier 2 capital. Besides, Tier 2 capital cannot exceed from total amount of Tier 1 capital. The Bank complies with these regulations.

The Bank's regulatory capital position at June, 30, 2018 was as follows:

	Un-audited 30-Jun-18	Audited 31-Dec-17
 Afs '000'	
Tier 1 capital		
Total Equity	2,533,925	2,207,290
Less:		
Intangible assets	(8,793)	8,022
Profit for the year	(326,636)	117,415
Surplus on revaluation	(508,406)	508,406
	<u>(843,835)</u>	<u>633,843</u>
Total tier 1 (core) capital	<u>1,690,090</u>	<u>1,573,447</u>
Tier 2 capital		
General loss reserves on credits	15,021	55,235
Profit for the year	326,636	117,415
Surplus on revaluation	508,406	508,406
	<u>850,064</u>	<u>681,056</u>
Total tier 2 (supplementary) capital	<u>850,064</u>	<u>681,056</u>
Total regulatory capital	<u>2,540,153</u>	<u>2,254,503</u>

18 GENERAL

No adjusting or significant non-adjusting events have occurred between the reporting date, June 30, 2018 and the date of authorization of these financial statements.

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

 CHIEF FINANCIAL OFFICER

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 CHIEF EXECUTIVE OFFICER

