

Afghan United Bank – condensed interim financial statements and auditors’ review report

For the 2nd quarter ended June 30, 2019



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Grant Thornton

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Report on Review of Condensed Interim Financial Statements

To the Shareholders of Afghan United Bank

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Afghan United Bank** ("the Bank") as at 30 June 2019 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and the notes to the condensed interim financial statements for the six 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 the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), the requirements of the Law of Banking in Afghanistan and directives issued by the Central Bank of Afghanistan. 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 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 30 June 2019, and of its financial performance and its cash flows for the six months period then ended in accordance International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), the requirements of the Law of Banking in Afghanistan and directives issued by the Central Bank of Afghanistan.

Grant Thornton

Grant Thornton Afghanistan

Chartered Accountants

Engagement Partner: Saqib Rehman Qureshi

Location: Kabul, Afghanistan

Date: August 7, 2019



AFGHAN UNITED BANK
Condensed Interim Financial
Statements


For the 2nd quarter ended June 30, 2019

AFGHAN UNITED BANK
 Condensed Interim Statement of Financial Position
 As at 30 June 2019

		<u>Unaudited</u>	<u>Audited</u>
		<u>30-Jun-19</u>	<u>31-Dec-18</u>
	<i>Notes</i>	<u>AFN '000'</u>	
ASSETS			
Cash and balances with central bank	4	6,244,528	6,436,196
Balances with other banks	5	2,710,891	2,681,935
Investments	6	1,787,176	1,479,313
Loans and advances to customers	7	6,873,360	6,747,327
Property and equipment	8	976,249	904,139
Intangible assets	9	5,200	6,184
Other assets		2,200,023	2,012,841
Total assets		<u>20,797,428</u>	<u>20,267,936</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,522,030	1,522,030
Revaluation reserve on property and equipment		447,245	463,472
Retained earnings		303,596	123,104
Total equity		<u>2,272,871</u>	<u>2,108,606</u>
LIABILITIES			
Deposits from customers	10	17,946,108	17,562,438
Deferred tax liability		132,419	132,419
Provision for tax		40,404	9,086
Other liabilities		405,626	455,387
Total liabilities		<u>18,524,557</u>	<u>18,159,330</u>
Total equity and liabilities		<u>20,797,428</u>	<u>20,267,936</u>
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes 1 to 14 form an integral part of these financial statements.


 CHIEF FINANCIAL
 OFFICER (ACTING)


 CHIEF EXECUTIVE
 OFFICER
 (ACTING)

AFGHAN UNITED BANK

Condensed Interim Statement of Comprehensive Income (Unaudited)


For the Six months ended 30 June 2019

	Notes	<i>Six months ended</i>		<i>Three months ended</i>	
		<u>30-Jun-19</u>	<u>30-Jun-18</u>	<u>30-Jun-19</u>	<u>30-Jun-18</u>
		AFN '000'			
Mark-up/ return/ interest earned		436,249	455,428	221,721	229,612
Mark-up/ return/ interest expense		(55,241)	(47,400)	(27,862)	(13,510)
Net mark-up/ return/ interest income		381,008	408,028	193,859	216,102
Fee and commission income		168,736	116,528	89,657	59,920
Fee and commission expense		(3,977)	(4,100)	(2,468)	(2,126)
Net fee and commission income		164,759	112,428	87,189	57,794
Other expense/ income		(26,522)	103,997	(18,938)	91,969
Net operating income		519,245	624,453	262,110	365,865
Provision against non-performing loans and advances to customers	7.5	(67,842)	59,071	187,548	69,920
Net provision against off balance sheet items and other assets		72,479	23,157	(6,734)	1,299
Depreciation	8	(64,013)	(15,925)	(47,625)	(8,040)
Amortization	9	(2,594)	(2,559)	(1,342)	(1,364)
Employee compensation		(113,243)	(122,064)	(54,778)	(60,568)
Operating lease expenses		(3,067)	(23,401)	9,029	(11,720)
Other expenses		(135,633)	(134,437)	(70,128)	(70,813)
Profit before tax		205,331	408,295	278,080	284,579
Income tax expense		(41,066)	(81,659)	(55,616)	(56,916)
Profit for the period		164,265	326,636	222,464	227,663
Other comprehensive income					
Profit for the period		164,265	326,636	222,464	227,663
Other comprehensive income - not reclassified to the income statement		-	-	-	-
Other comprehensive income - reclassified to the income statement		-	-	-	-
Total comprehensive income for the period		164,265	326,636	222,464	227,663

The annexed notes 1 to 14 form an integral part of these financial statements.



CHIEF FINANCIAL
OFFICER (ACTING)



CHIEF EXECUTIVE
OFFICER
(ACTING)

AFGHAN UNITED BANK

Condensed Interim Statement of Cash Flows (Un-Audited)

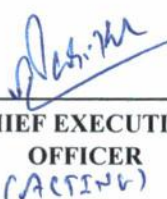
For the Six months ended 30 June 2019

	Notes	Six months ended	
		30-Jun-19	30-Jun-18
		AFN '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		205,331	408,295
Adjustments for:			
Net impairment loss on financial assets		67,842	(59,071)
Provision against off balance sheet items		(72,479)	(23,157)
Depreciation	8	64,013	15,925
Amortization	9	2,594	2,559
		<u>267,301</u>	<u>344,551</u>
Increase/ decrease in current assets and liabilities			
Investments		(307,863)	63,117
Loans and advances to customers		(121,396)	275,357
Other assets		(187,182)	(56,361)
Deposits from customers		383,670	(1,942,392)
Other liabilities		(50,332)	(87,588)
		<u>(15,802)</u>	<u>(1,403,316)</u>
Income tax paid		(9,178)	(22,821)
Net cash used in operating activities		<u>(24,979)</u>	<u>(1,426,137)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	8	(136,123)	(22,423)
Purchase of intangible assets		(1,610)	(3,330)
Net cash used in investing activities		<u>(137,733)</u>	<u>(25,753)</u>
Net decrease in cash and cash equivalents		(162,712)	(1,451,890)
Cash and cash equivalents, beginning of period		9,118,131	10,858,730
Cash and cash equivalents, end of period	4 & 5	<u><u>8,955,419</u></u>	<u><u>9,406,840</u></u>

The annexed notes 1 to 14 form an integral part of these financial statements.



 CHIEF FINANCIAL OFFICER
(ACTING)



 CHIEF EXECUTIVE
OFFICER
(ACTING)

AFGHAN UNITED BANK

Condensed Interim Statement of Changes in Equity (Unaudited)


For the Six months ended 30 June 2019

	Share capital	Revaluation reserve	Retained earnings	Total
	AFN '000'			
Balance as at 1 January 2018	1,522,030	508,407	176,853	2,207,291
Incremental depreciation on revaluation surplus	-	-	-	-
Total comprehensive income for the year				
Profit for the year	-	-	326,636	326,636
Other comprehensive income	-	-	-	-
	-	-	326,636	326,636
Balance as at 30 June 2018	<u>1,522,030</u>	<u>508,407</u>	<u>503,489</u>	<u>2,533,927</u>
Balance as at 1 January 2019	1,522,030	463,472	123,104	2,108,606
Incremental depreciation on revaluation surplus	-	(16,227)	16,227	-
Total comprehensive income for the period ended				
Profit for the period	-	-	164,265	164,265
Other comprehensive income	-	-	-	-
	-	-	164,265	164,265
Balance as at 30 June 2019	<u>1,522,030</u>	<u>447,245</u>	<u>303,596</u>	<u>2,272,871</u>

The annexed notes 1 to 14 form an integral part of these financial statements.



 CHIEF FINANCIAL
 OFFICER (ACTING)



 CHIEF EXECUTIVE
 OFFICER
 (ACTING)

AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Six months ended 30 June 2019

1 LEGAL STATUS AND OPERATIONS

The Bank commenced its operations on 4 October 2007 under the license of commercial banking issued by Da Afghanistan bank (DAB) under the Law of Banking in Afghanistan. It is a full fledge bank principally engaged in the business of commercial banking with a network of 26 branches including two full fledge Islamic banking branches in different provinces of Afghanistan. The bank also holds license from Afghanistan Investment Support Agency (AISA) bearing license no: D-27284. The registered office of the Bank is located at Shahr e Naw, Kabul, Afghanistan.

2 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and the requirements of the Law of Banking in Afghanistan. In case requirements differ, the provisions of the Law of Banking in Afghanistan will prevail.

The disclosures in these condensed interim financial statements do not include those reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 31 December 2018.

Comparative statement of financial position is extracted from the annual audited financial statements as of 31 December 2018, whereas comparative statement of comprehensive income, statement of changes in equity and statement of cash flows have been taken from unaudited condensed interim financial statements for the six months period ended 30 June 2019.

Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 1 January 2019 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim financial statements. IFRS 16 "Leases" became effective from 1 January 2019, its impact has been incorporated in these condensed interim financial statements.

At the date of adoption of IFRS 16 i.e. 1 January 2019, the Bank has 'grand fathered' its assessment of the property leases as previously under IAS 17. There were no finance leases previously and all property leases were treated as operating leases. The Bank has adopted modified retrospective approach for adoption of IFRS 16 whereby right of use asset is recognized equivalent to the amount of lease liability recognized as of January 1, 2019 plus any prepaid lease while lease liability has been recognized for remaining lease rentals as of 1 January 2019.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these interim financial statements and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 31 December 2018.

AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Six months ended 30 June 2019

	<i>Note</i>	<u>30-Jun-19</u>	<u>31-Dec-18</u>
		<u>AFN '000'</u>	
4 CASH AND BALANCES WITH CENTRAL BANK			
In hand			
Local currency		820,547	810,537
Foreign currencies		1,481,224	1,224,708
		<u>2,301,770</u>	<u>2,035,245</u>
With Da Afghanistan Bank in:			
Local currency current accounts		2,071,178	2,109,030
Foreign currency current accounts		1,713,882	1,386,319
Overnight deposit with Central Bank		157,698	905,602
		<u>3,942,758</u>	<u>4,400,951</u>
		<u>6,244,528</u>	<u>6,436,196</u>
5 BALANCES WITH OTHER BANKS			
In Afghanistan			
National Bank of Pakistan		607	566
Pashtany Bank		407,705	380,366
New Kabul Bank		40,010	-
		<u>448,322</u>	<u>380,933</u>
Outside Afghanistan			
CSC Bank, Lebanon		30,472	21,963
Aktif Bank, Turkey		258,593	400,774
Axis Bank, China		14,466	18,151
BMCE Bank, Spain		664,103	1,061,283
Nurol Bank, Turkey		156,024	1,843
Bahrain Middle East Bank		1,034,513	796,987
Transkapital Bank, Russia		104,399	-
		<u>2,262,569</u>	<u>2,301,002</u>
		<u>2,710,891</u>	<u>2,681,935</u>
6 INVESTMENTS			
Capital notes	6.1	748,181	398,238
Held to maturity			
Aktif Bank, Turkey		282,555	263,585
BMCE Bank, Spain		322,920	225,930
Bahrain Middle East Bank		-	376,550
Nurol Bank, Turkey		444,015	225,930
	6.2	<u>1,049,490</u>	<u>1,091,995</u>
General provision on investments	6.3	(10,495)	(10,920)
Investments - net of provision		<u>1,787,176</u>	<u>1,479,313</u>

AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Six months ended 30 June 2019

- 6.1 This represents capital notes from Da Afghanistan bank carrying interest rate from 0.35% to 0.90% (2018: 0.12% to 4.1%) per annum and having maturity date in July 2019.
- 6.2 This represents foreign currency fixed term placements with foreign banks carrying interest ranging from 2.35% to 4.65% (2018: 1.25% to 4.65%) per annum and having maturity by August 2019.

	30-Jun-19	31-Dec-18
	AFN '000'	
6.3 Particulars of provision against investments		
Opening balance	10,920	9,064
Charge for the period/ year	(425)	1,856
Write off during the period/ year	-	-
	(425)	1,856
Closing balance	10,495	10,920

General provision against investment is held as per the DAB's *Asset Classification and Provisioning Regulation @ 1%* of the gross amount of investments.

	Note	30-Jun-19	31-Dec-18
		AFN '000'	
7 LOANS AND ADVANCES TO CUSTOMERS			
Conventional financing			
Running finance	7.2	4,914,958	4,673,180
Term finance	7.3	291,507	382,882
		5,206,465	5,056,062
Islamic financing			
Murabaha	7.4	3,067,704	2,921,038
Loans and advances to customers - gross		8,274,169	7,977,100
Provision against non-performing loans and advances	7.5	(1,400,810)	(1,229,773)
Loans and advances to customers - net of provision		6,873,360	6,747,327

7.1 Particulars of loans and advances to customers - gross

In local currency	1,504,522	1,442,026
In foreign currencies	6,769,647	6,535,074
	8,274,169	7,977,100

- 7.2 These carry interest ranging between 12% to 16% per annum (2018: 12% to 16% 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.

AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Six months ended 30 June 2019

- 7.3 These carry interest rate at 13% to 15% per annum (2018: 13% to 15% per annum). These loans have been extended for periods ranging from one and a half year to five years (2017: one year to five years) and are secured against personal guarantees, mortgage of immoveable commercial and residential properties and assignment of receivables.
- 7.4 These represent sale and purchase agreements 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 18% per annum (2018: 12% to 18% per annum). These facilities are extended for the period of two months to five years (2017: one month to four years) and secured against personal guarantees, mortgage of immovable properties and goods supplied under the sale and purchase agreement.

	<u>30-Jun-19</u>	<u>31-Dec-18</u>
	<u>AFN '000'</u>	
7.5 Particulars of provision against non-performing loans and advances to customers		
Opening balance	1,229,773	634,222
Charge for the period/ year	67,842	627,965
Write-off during the period/ year	-	(91,951)
Foreign currency fluctuation effect	103,195	59,536
	<u>171,037</u>	<u>595,550</u>
Closing balance	<u>1,400,810</u>	<u>1,229,773</u>

AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements (Unaudited)
For the Six months ended 30 June 2019

		30-Jun-19	31-Dec-18
		AFN '000'	
8	PROPERTY AND EQUIPMENT		
	Operating fixed assets		
	Owned	875,309	904,139
	Leased		
	- Right of use asset - branches	100,940	-
		976,249	904,139
8.1	Cost		
	Opening balances	1,681,993	1,683,449
	Additions during the period / year	3,602	29,349
	Disposals during the period / year	(6,127)	(30,805)
	Closing balances	1,679,469	1,681,993
	Accumulated depreciation		
	Opening balances	777,854	723,538
	Charge during the period / year	32,432	65,347
	Disposals during the period / year	(6,127)	(11,031)
	Closing balances	804,159	777,854
	Written down value	875,309	904,139
8.2	Right of use assets - branches		
	Balance as of January 1, 2019 upon adoption of IFRS 16	132,521	-
	Depreciation expense for the period	(31,581)	-
	As at 30 June 2019	100,940	-
9	INTANGIBLE ASSETS		
	Cost		
	Opening balance	238,165	234,835
	Additions during the period/ year	1,610	3,330
	Closing balance	239,775	238,165
	Less: Accumulated amortization		
	Opening balance	231,980	226,813
	Charge for the period/ year	2,594	5,167
	Closing balance	234,574	231,980
	Written down value	5,200	6,184

9.1 Intangible assets include computer software and licenses. The amortization rate of intangible assets is 33.33% (2018: 33.33%). The gross carrying amount of fully amortized intangible assets still in use is AFN 223,136 thousand (2018: AFN 223,136 thousand).

AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Six months ended 30 June 2019

	<i>Note</i>	<u>30-Jun-19</u>	<u>31-Dec-18</u>
		<u>AFN '000'</u>	
10 DEPOSITS FROM CUSTOMERS			
Conventional			
Current deposits		10,364,322	8,709,050
Saving deposits	<i>10.1</i>	383,596	246,649
Term deposits	<i>10.2</i>	779,714	727,613
Margin deposits		1,783,922	2,843,333
		<u>13,311,555</u>	<u>12,526,645</u>
Islamic			
Current deposits		2,211,699	2,524,028
Saving deposits	<i>10.3</i>	759,221	751,225
Term deposits	<i>10.4</i>	1,301,758	1,318,184
Margin deposits		361,876	442,356
		<u>4,634,553</u>	<u>5,035,793</u>
		<u>17,946,108</u>	<u>17,562,438</u>

10.1 Saving deposits carry interest ranging from 1% to 3% (2018: 1% to 3% per annum) per annum.

10.2 Term deposits carry interest ranging from 1.5% to 4.75% per annum (2018: 1.5% to 4.75% per annum), based on the term, with maturity ranging from three to twelve months (2018: three to twelve months).

10.3 The profit disbursed during the period on the Islamic saving deposits ranged from 0.31% to 0.46% (2018: 0.39% to 0.61%) per annum.

10.4 Profit distribution rates on Islamic term deposits during the period ranged from 1.52% to 3.04% (2018: 2.05% to 4.60%) per annum.

11 CONTINGENCIES AND COMMITMENTS

	<u>30-Jun-19</u>	<u>31-Dec-18</u>
	<u>AFN '000'</u>	
LCs and BGs issued on behalf of the customers	<u>9,494,537</u>	<u>7,292,469</u>

This includes outstanding BGs amounting to AFN 1.580.14 million (2018: 1.489.43 million) issued in Islamic mode of finance.

AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements (Unaudited)

*For the Six months ended 30 June 2019***12 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 and Chief Risk 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	
30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
AFN '000'			

Transactions with key management personnel

Short-term employee benefits

Salary and other benefits	-	-	11,636	13,243
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13 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, 2019 was as follows:

AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Six months ended 30 June 2019

	30-Jun-19	31-Dec-18
	AFN '000'	
Tier 1 capital		
Total Equity	2,272,871	2,108,606
Less:		
Intangible assets	5,200	6,184
Profit for the year	164,265	-
Revaluation reserve on property and equipment	447,245	463,472
	616,710	469,656
Total tier 1 (core) capital	1,656,160	1,638,950
Tier 2 capital		
General loss reserves on credits	-	9,374
Profit for the year	164,265	-
Revaluation reserve on property and equipment	447,245	463,472
Total tier 2 (supplementary) capital	611,510	472,846
Total regulatory capital	2,267,670	2,111,796
Risk-Weight Categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	2,301,770	2,035,245
Direct claims on DAB	6,411,307	6,354,396
Direct claims on Central Banks and Central Governments of Category A countries	-	-
Precious metals and precious stones	-	-
Direct claims on DAB	-	-
Loans collateralized by blocked deposits	-	-
Other	-	-
Total	8,713,077	8,389,641
0% Risk-Weight Total (Above Total x 0%)	-	-
20% risk weight		
Loans Collateralized by Claims on Central Banks and Central Governments of Category A Countries	-	-
Direct Claims on banks licensed in Category A countries	987,023	2,179,345
Short-term Claims on Banks Licensed In Non-Category A Countries Guaranteed by Multilateral Lending Institutions	2,773,358	1,594,585
Cash Items in Process of Collection	-	-
Other	-	-
Total	3,760,381	3,773,930
20% Risk-Weight Total (Above Total x 20%)	752,076	754,786

AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Six months ended 30 June 2019

50% risk weight		
Qualifying Residential Mortgage Loans	-	-
Qualifying Real Estate Construction Loans	-	-
Other	-	-
Total	<u>-</u>	<u>-</u>
50% Risk-Weight Total (Above Total x 50%)	<u>-</u>	<u>-</u>
100% risk weight		
All Other Assets	9,741,733	9,345,058
Minus: Intangible Assets	5,200	6,184
Net Deferred Tax Assets	-	-
Deducted Equity Investments	-	-
Equals: Total	<u>9,736,532</u>	<u>9,338,873</u>
100% Risk-Weight Total (Above Total x 100%)	<u>9,736,532</u>	<u>9,338,873</u>
Off-balance-sheet items with 0% Credit Conversion Factor		
Unused Portions of Commitments with Original Maturity of 1 Year or Less	567,038	-
Unused Portions of Commitments that are Unconditionally Cancelable	-	-
Total	<u>567,038</u>	<u>-</u>
0% Credit Conversion Factor Total (Above Total x 0%)	<u>-</u>	<u>-</u>
Off-balance-sheet items with 20% Credit Conversion Factor		
Commercial Letter of Credits		
0 % Risk Weight	132,868	14,676
20% Risk Weight	-	-
50% Risk Weight	-	-
100% Risk Weight	-	179,862
Total	<u>132,868</u>	<u>194,539</u>
Risk-Weighted Total	<u>-</u>	<u>179,862</u>
20% Credit Conversion Factor Total (Risk-Weighted Total x 20%)	<u>-</u>	<u>35,972</u>
Off-balance sheet items with 100% Credit Conversion Factor		
Guarantees and Standby Letter of Credits		
0 % Risk Weight	6,527,044	426,439
20% Risk Weight	-	-
50% Risk Weight	-	6,614,235
100% Risk Weight	2,834,624	2,963,707
Total	<u>9,361,668</u>	<u>10,004,381</u>

AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Six months ended 30 June 2019


100% Credit Conversion Factor Total (Risk-Weighted Totals x 100%)	<u>2,834,624</u>	<u>6,270,825</u>
Total Risk-Weighted Assets	<u>13,323,233</u>	<u>16,400,456</u>
<u>Tier 1 Capital Ratio</u>	<u>12.43%</u>	<u>9.99%</u>
<u>Regulatory Capital Ratio</u>	<u>17.02%</u>	<u>12.88%</u>

14 GENERAL

- 14.1 Figures have been rounded-off to the nearest Afghani (AFN), unless otherwise stated
- 14.2 These condensed interim financial statements for the have been approved and authorized for issue by the Board of Supervisors on August 7, 2019 2019.



CHIEF FINANCIAL OFFICER
(ACTING)



CHIEF EXECUTIVE OFFICER
(ACTING)