

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of Afghan United Bank ("the Bank"), which comprise the statement of financial position as at December 31, 2015, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Law of Banking in Afghanistan, directives issued by the Central Bank of Afghanistan (DAB), and the Islamic Accounting Standards developed by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at December 31, 2015, and of its financial performance and its cash flows for the year ended in accordance with the International Financial Reporting Standards (IFRSs), the Law of Banking in Afghanistan, directives issued by the Central Bank of Afghanistan (DAB), and the Islamic Accounting Standards developed by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).


Horwath MAK


Auditors & Business Advisors
Kabul




AFGHAN UNITED BANK
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	Note	2015 Afs '000'	2014
ASSETS			
Cash and balances with central bank	5	7,944,097	7,919,553
Balances with other banks	6	2,274,301	1,916,434
Investments	7	341,850	583,200
Loans and advances to customers	8	6,094,660	5,386,286
Property and equipment	9	1,092,352	1,145,119
Intangible assets	10	13,094	26,334
Other assets	12	1,405,068	1,306,832
Total assets		19,165,422	18,283,758
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	1,522,030	1,000,000
Revaluation reserve	14	574,960	452,152
Retained earning		1,523	522,030
Total equity		2,098,513	1,974,182
LIABILITIES			
Deposits from customers	15	16,780,372	15,752,195
Deferred tax liability	11	162,708	353,585
Provision for tax		20,484	71,690
Other liabilities	16	103,345	132,106
Total liabilities		17,066,909	16,309,576
Total equity and liabilities		19,165,422	18,283,758
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes 1 to 31 form an integral part of these financial statements.



 DIRECTOR



 CHIEF EXECUTIVE OFFICER

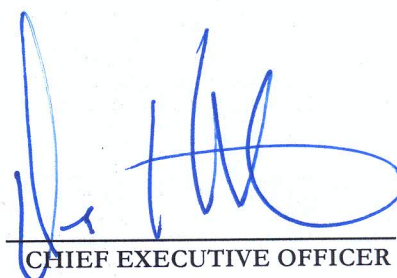
AFGHAN UNITED BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 Afs '000'	2014
Interest income		846,329	838,304
Interest expense		(80,379)	(151,105)
Net interest income	17	765,950	687,199
Fee and commission income		241,708	249,477
Fee and commission expense		(19,286)	(16,555)
Net fee and commission income	18	222,422	232,922
Other operating income	19	126,359	105,802
Operating income		1,114,731	1,025,923
Net impairment loss on financial assets	8.6	(610,904)	(23,421)
Depreciation	9	(46,913)	(53,968)
Amortization	10	(14,779)	(14,746)
Employee benefit expense	20	(208,534)	(203,921)
Operating lease expenses		(45,182)	(43,225)
Other expenses	21	(221,690)	(239,744)
Profit before tax		(33,271)	446,898
Taxation	22	34,794	(51,205)
Profit for the year		1,523	395,693
Other comprehensive income			
- Revaluation reserve - net / (Related deferred tax - net of incremental depreciation)		122,808	(204,185)
Total comprehensive income for the year		124,331	191,508

The annexed notes 1 to 31 form an integral part of these financial statements.



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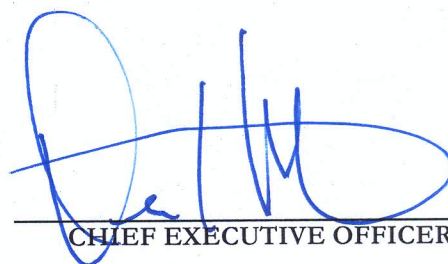
AFGHAN UNITED BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

	Share capital	Revaluation reserve	Retained earning	Total
 Afs '000'			
Balance as at January 01, 2014	1,000,000	656,337	126,337	1,782,674
Total comprehensive income for the year				
Profit for the year	-	-	395,693	395,693
Other comprehensive income	-	(204,185)	-	(204,185)
	-	(204,185)	395,693	191,508
Transactions with owners				
Issuance of shares	-	-	-	-
Balance as at December 31, 2014	<u>1,000,000</u>	<u>452,152</u>	<u>522,030</u>	<u>1,974,182</u>
Balance as at January 01, 2015	1,000,000	452,152	522,030	1,974,182
Total comprehensive income for the year				
Profit for the year	-	-	1,523	1,523
Other comprehensive income	-	122,808	-	122,808
	-	122,808	1,523	124,331
Transactions with owners				
Issuance of shares	522,030	-	(522,030)	-
Balance as at December 31, 2015	<u>1,522,030</u>	<u>574,960</u>	<u>1,523</u>	<u>2,098,513</u>

The annexed notes 1 to 31 form an integral part of these financial statements.



DIRECTOR

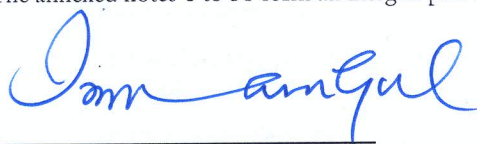


CHIEF EXECUTIVE OFFICER

AFGHAN UNITED BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 Afs '000'	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(33,271)	446,898
Adjustments for:			
Net impairment loss on financial assets	8.6	571,965	36,145
Depreciation	9	46,913	53,968
Amortization	10	14,779	14,746
		<u>600,386</u>	<u>551,757</u>
Increase / decrease in current assets and liabilities			
Investments		241,350	1,221,916
Loans and advances to customers - net of provision		(1,280,339)	(775,017)
Other assets		(98,236)	79,697
Deposits from banks		-	(400,000)
Deposits from customers		1,028,177	(733,904)
Other liabilities		<u>(21,755)</u>	<u>43,281</u>
		<u>469,583</u>	<u>(12,270)</u>
Income tax paid		<u>(58,211)</u>	<u>(18,928)</u>
Net cash generated from operating activities		<u>411,372</u>	<u>(31,198)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(27,422)	(10,307)
Purchase of intangible assets		(1,539)	(2,784)
Net cash used in investing activities		<u>(28,961)</u>	<u>(13,091)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	-
Net cash generated from financing activities		-	-
Net increase in cash and cash equivalents		382,411	(44,289)
Cash and cash equivalents, beginning of year		9,835,987	9,880,276
Cash and cash equivalents, end of year	23	<u>10,218,398</u>	<u>9,835,987</u>

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