



Crowe Horwath™

هوروات ماک

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INDEPENDENT AUDITOR'S REPORT TO BOARD OF SUPERVISORS

We have audited the accompanying financial statements of Afghan United Bank ("the Bank"), which comprise the statement of financial position as at December 31, 2014, 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, 2014, 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).

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Kabul





UAE (13 Offices), Oman (2 Offices), London, Azerbaijan, Afghanistan
Registered with the Afghanistan Investment Support Agency (AISA), Kabul Licence No:D-11681 as a partnership firm
Member Crowe Horwath International



AFGHAN UNITED BANK
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	Note	2014 Afs '000'	2013
ASSETS			
Cash and balances with central bank	5	7,919,553	8,749,097
Balances with other banks	6	1,916,434	1,131,179
Investments	7	583,200	1,805,116
Loans and advances to customers	8	5,386,286	4,647,414
Property and equipment	9	1,145,119	1,236,883
Intangible assets	10	26,334	38,296
Other assets	12	1,306,832	1,386,529
Total assets		18,283,758	18,994,514
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	1,000,000	1,000,000
Revaluation reserve	14	452,152	656,337
Retained earning		522,030	126,337
Total equity		1,974,182	1,782,674
LIABILITIES			
Deposits from banks	15	-	400,000
Deposits from customers	16	15,752,195	16,486,099
Deferred tax liability	11	353,585	213,227
Provision for tax		71,690	27,210
Other liabilities	17	132,106	85,304
Total liabilities		16,309,576	17,211,840
Total equity and liabilities		18,283,758	18,994,514
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 31 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER


AFGHAN UNITED BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 Afs '000'	2013
Interest income		886,381	693,560
Interest expense		(151,105)	(115,714)
Net interest income	18	735,276	577,846
Fee and commission income		249,477	172,908
Fee and commission expense		(76,197)	(47,871)
Net fee and commission income	19	173,280	125,037
Other operating income	20	138,361	99,507
Operating income		1,046,917	802,390
Net impairment loss on financial assets	8.6	(23,421)	(15,312)
Depreciation	9	(53,968)	(70,620)
Amortization	10	(14,746)	(48,051)
Employee benefit expense	21	(203,921)	(190,415)
Operating lease expenses		(43,225)	(43,948)
Other expenses	22	(260,738)	(229,804)
Profit before tax		446,898	204,240
Income tax expense	23	(51,205)	(49,217)
Profit for the year		395,693	155,023
Other comprehensive income			
- Revaluation reserve - net / (Related deferred tax - net of incremental depreciation)		(204,185)	632,822
Total comprehensive income for the year		191,508	787,845

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, 2014

	Share capital	Revaluation reserve	Retained earning	Total
 Afs '000'			
Balance as at January 01, 2013	1,000,000	23,515	(28,686)	994,829
Total comprehensive income for the year				
Profit for the year	-	-	155,023	155,023
Other comprehensive income	-	632,822	-	632,822
	-	632,822	155,023	787,845
Transactions with owners				
Issuance of shares	-	-	-	-
Balance as at December 31, 2013	1,000,000	656,337	126,337	1,782,674
 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	1,000,000	452,152	522,030	1,974,182

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

CHIEF EXECUTIVE OFFICER



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AFGHAN UNITED BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 Afs '000'	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		446,898	204,240
Adjustments for:			
Net impairment loss on financial assets	8.6	36,145	13,541
Depreciation	9	53,968	70,620
Amortization	10	14,746	48,051
Gain on disposal of fixed assets		-	(188)
		<u>551,757</u>	<u>336,264</u>
Increase / decrease in current assets and liabilities			
Investments		1,221,916	(930,172)
Loans and advances to customers - net of provision		(775,017)	(624,609)
Other assets		79,697	(377,038)
Deposits from banks		(400,000)	-
Deposits from customers		(733,904)	5,635,340
Other liabilities		<u>43,281</u>	<u>32,531</u>
		<u>(12,270)</u>	<u>4,072,316</u>
Income tax withheld - net		<u>(18,928)</u>	<u>32,310</u>
Net cash generated from operating activities		<u>(31,198)</u>	<u>4,104,626</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(10,307)	(45,538)
Purchase of intangible assets		(2,784)	(41,015)
Proceeds from disposal of property and equipment		-	1,365
Net cash used in investing activities		<u>(13,091)</u>	<u>(85,188)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	-
Net cash generated from financing activities		-	-
Net increase in cash and cash equivalents		<u>(44,289)</u>	<u>4,019,438</u>
Cash and cash equivalents, beginning of year		9,880,276	5,860,838
Cash and cash equivalents, end of year	24	<u>9,835,987</u>	<u>9,880,276</u>

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

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