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

Grant Thornton Afghanistan

House # 611, Street # 12  
Qualle Fatehullah, Kabul  
Afghanistan  
T +93 202 202 475  
M+93 789 314 616  
[www.granthornton.af](http://www.granthornton.af)

We have reviewed the accompanying condensed interim statement of financial position of **Afghan United Bank** ("the Bank"), as of September 30, 2017, and the related condensed interim statements of comprehensive income, statement of changes in equity and statement of cash flows for the nine 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.



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### **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 September 30, 2017, and of its financial performance and its cash flows for the nine months then ended in accordance with International Financial Reporting Framework (IFRSs) and the requirements of the Law of Banking in Afghanistan.



*Grant Thornton Afghanistan*

**Kabul**

Date: November 11, 2017

**Grant Thornton Afghanistan**

Chartered Accountants

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

	Note	Un-audited 30-Sep-17 ..... Afs '000' .....	Audited 31-Dec-16
<b>ASSETS</b>			
Cash and balances with central bank	6	8,312,558	8,545,896
Balances with other banks	7	1,287,575	1,346,359
Investments	8	811,523	1,293,680
Loans and advances to customers	9	6,405,722	6,896,571
Property and equipment	10	999,212	1,013,837
Intangible assets	11	9,125	11,429
Other assets		1,987,741	1,814,392
<b>Total assets</b>		<b>19,813,456</b>	<b>20,922,164</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	12	1,522,030	1,522,030
Revaluation reserve		541,683	541,683
Retained earning		75,212	59,439
<b>Total equity</b>		<b>2,138,925</b>	<b>2,123,152</b>
<b>LIABILITIES</b>			
Deposits from customers	13	17,199,394	18,357,459
Deferred tax liability		149,441	149,441
Provision for tax		-	3,585
Other liabilities		325,696	288,527
<b>Total liabilities</b>		<b>17,674,531</b>	<b>18,799,012</b>
<b>Total equity and liabilities</b>		<b>19,813,456</b>	<b>20,922,164</b>



**CONTINGENCIES AND COMMITMENTS**

15

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




CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

**AFGHAN UNITED BANK**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**

		Quarter Ended	Nine Months ended	Quarter ended	Nine Months ended
	Note	30-Sep-17	30-Sep-17	30-Sep-16	30-Sep-16
			..... Afs	'000'	.....
Interest income		242,087	716,348	255,804	750,102
Interest expense		(32,248)	(92,742)	(26,408)	(79,866)
<b>Net interest income</b>		<b>209,839</b>	<b>623,606</b>	<b>229,396</b>	<b>670,236</b>
Fee and commission income		42,251	163,815	65,965	237,783
Fee and commission expense		(1,968)	(7,359)	(6,561)	(21,798)
<b>Net fee and commission income</b>		<b>40,283</b>	<b>156,456</b>	<b>59,404</b>	<b>215,985</b>
Other operating income		12,582	78,927	3,790	28,050
<b>Operating income</b>		<b>262,704</b>	<b>858,989</b>	<b>292,590</b>	<b>914,271</b>
Net impairment loss on financial assets	9.6	95,517	(385,182)	(296,206)	(517,130)
Depreciation	10	(8,749)	(26,163)	(9,663)	(28,651)
Amortization	11	(1,073)	(3,568)	(3,735)	(11,275)
Employee compensation		(59,492)	(178,298)	(56,530)	(165,274)
Operating lease expenses		(12,197)	(36,486)	(12,398)	(35,634)
Other expenses		(76,571)	(209,576)	(64,541)	(181,967)
<b>Profit/ (Loss) before tax</b>		<b>200,139</b>	<b>19,716</b>	<b>(150,483)</b>	<b>(25,660)</b>
Income tax		(40,028)	(3,944)	30,097	(6,088)
<b>Profit/ (Loss) for the period</b>		<b>160,111</b>	<b>15,772</b>	<b>(120,386)</b>	<b>(31,748)</b>
<b>Other comprehensive income</b>					
Profit/ (Loss) for the period		-	-	-	-
Incremental (depreciation)/ movement in revaluation		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>160,111</b>	<b>15,772</b>	<b>(120,386)</b>	<b>(31,748)</b>

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 NINE MONTHS ENDED SEPTEMBER 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	1,522,030	541,683	59,440	2,123,152
 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	-	-	15,772	15,772
Other comprehensive income	-	-	-	-
	-	-	15,772	15,772
Transactions with owners				
Issuance of shares	-	-	-	-
Balance as at September 30, 2017	1,522,030	541,683	75,212	2,138,924

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

**AFGHAN UNITED BANK**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**

		Un-audited	Un-Audited
	Note	30-Sep-17	30-Sep-16
		..... Afs '000' .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/ (loss) before tax		19,716	(25,660)
<b>Adjustments for:</b>			
Net impairment loss on financial assets	9.6	385,182	517,130
Depreciation	10	26,163	28,651
Amortization	11	3,568	11,275
Net (gain)/ loss on disposal of fixed assets		-	17
		<u>434,629</u>	<u>531,413</u>
<b>Increase /decrease in current assets and liabilities</b>			
Investments		473,960	(736,887)
Loans and advances to customers		113,864	(854,150)
Other assets		(180,878)	(297,425)
Deposits from customers		(1,158,065)	140,620
Other liabilities		37,293	102,447
		<u>(279,197)</u>	<u>(1,113,983)</u>
Income tax paid		(122)	(26,572)
<b>Net cash generated from/ (used in) operating activities</b>		<u>(279,319)</u>	<u>(1,140,555)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(11,539)	(9,364)
Proceeds from disposal of property and equipment		-	13
Purchase of intangible assets		(1,264)	(59)
<b>Net cash used in investing activities</b>		<u>(12,803)</u>	<u>(9,410)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	-
<b>Net cash generated from/ (used in) financing activities</b>		<u>-</u>	<u>-</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<u>(292,122)</u>	<u>(1,149,965)</u>
Cash and cash equivalents at beginning of the period		9,892,255	10,218,398
<b>Cash and cash equivalents at end of the period</b>		<u><u>9,600,133</u></u>	<u><u>9,068,433</u></u>

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CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER