

## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Shareholders  
Afghanistan International Bank

### *Introduction*

We have reviewed the accompanying condensed statement of financial position of **Afghanistan International Bank** as at 30 June 2016 and the related condensed interim statements of comprehensive income, changes in equity and cash flows together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the six months period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the applicable financial reporting framework as stated in note 2 to the condensed interim financial information. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the 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.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 30 June 2016 is not prepared, in all material respects, in accordance with the applicable financial reporting framework as stated in note 2 to the condensed interim financial information.

### *Other Matters*

The condensed interim financial information of the Bank for the six months ended 30 June 2015 and the financial statements for the year ended 31 December 2015 were reviewed and audited respectively by another firm of chartered accountants whose review report, dated 05 September 2015, and audit report, dated 19 March 2016, expressed an unqualified conclusion and unqualified opinion thereon respectively.

Chartered Accountants



Engagement Partner: Shabbir Yunus

Date:

Kabul, Afghanistan

**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION [UN-AUDITED]**  
**AS AT 30 JUNE 2016**

	Note	30 June 2016 (Un-audited) AFN '000'	31 December 2015 (Audited) AFN '000'
<b>ASSETS</b>			
Cash and balances with Da Afghanistan Bank	4	11,937,005	17,816,406
Balances with other banks	5	8,425,653	5,042,671
Placements - net	6	20,237,998	19,797,852
Investments - net	7	13,431,112	13,532,385
Loans and advances to customers - net	8	2,951,315	3,457,852
Receivable from financial institutions		188,863	172,482
Operating fixed assets	9	1,157,996	1,047,312
Intangible assets		290,259	305,802
Deferred tax assets		22,150	20,641
Other assets	10	700,104	459,885
<b>Total assets</b>		<b>59,342,455</b>	<b>61,653,288</b>
<b>LIABILITIES</b>			
Customers' deposits	11	55,140,034	57,997,526
Deferred income		16,868	27,110
Other liabilities		437,814	207,565
<b>Total liabilities</b>		<b>55,594,716</b>	<b>58,232,201</b>
<b>EQUITY</b>			
Share capital	12	1,465,071	1,465,071
Capital reserves		207,167	194,455
Retained earnings		2,026,392	1,784,857
Surplus / (deficit) on revaluation on available for sale investments - net		49,109	(23,296)
<b>Total equity</b>		<b>3,747,739</b>	<b>3,421,087</b>
<b>Total equity and liabilities</b>		<b>59,342,455</b>	<b>61,653,288</b>
<b>Contingencies and commitments</b>	13		

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

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**Chief Executive Officer**

  
**Chief Financial Officer**

**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]**  
**FOR SIX MONTHS ENDED 30 JUNE 2016**

	Note	Six months ended		Three months ended	
		30 June	30 June	30 June	30 June
		2016	2015	2016	2015
		(Un-audited)	(Audited)	(Un-audited)	(Audited)
		AFN '000'		AFN '000'	
Interest income	14	635,488	659,937	324,346	355,252
Interest expense	15	(4,567)	(2,270)	(2,280)	(1,154)
Net interest income		630,921	657,667	322,066	354,098
Fee and commission income		391,963	333,212	201,085	180,444
Fee and commission expense		(576)	(3,555)	(289)	(1,851)
Net fee and commission income		391,387	329,657	200,796	178,593
Income from dealing in foreign currencies		72,392	84,461	41,117	51,843
		1,094,699	1,071,785	563,979	584,534
Other income		18,522	(109)	16,187	(166)
Loss on sale of securities		(2,828)	-	(187)	-
Provision on placements	6.2	(2,211)	(16,887)	3,790	10,185
Provision on investments		(2,761)	(8,710)	(3,907)	(5,650)
Provision against loan losses	8.1	(28,810)	(100,129)	(7,092)	(51,946)
General and administrative expenses		(760,688)	(717,081)	(392,702)	(391,595)
<b>PROFIT BEFORE INCOME TAX</b>		<b>315,923</b>	<b>228,869</b>	<b>180,068</b>	<b>145,362</b>
Taxation	16	(61,676)	(22,614)	(34,147)	(207)
<b>PROFIT FOR THE PERIOD</b>		<b>254,247</b>	<b>206,255</b>	<b>145,921</b>	<b>145,155</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that may be classified to profit and loss subsequently</b>					
Net change in fair value of available for sale financial instruments		90,506	(9,204)	50,813	(20,000)
Related tax		(18,101)	1,841	(10,162)	4,000
Other comprehensive income, net of tax		72,405	(7,363)	40,651	(16,000)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>326,652</b>	<b>198,892</b>	<b>186,572</b>	<b>129,155</b>
Earnings per share		10.89	6.63	6.22	4.31

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

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Chief Executive Officer



Chief Financial Officer

**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS [UN-AUDITED]**  
**FOR SIX MONTHS ENDED 30 JUNE 2016**

	Six months ended 30 June 2016 (Un-audited) AFN '000'	Six months ended 30 June 2015 (Audited) AFN '000'
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	254,247	206,255
Adjustments for:		
Provision against loans and advances	28,810	100,129
Depreciation	14,401	44,805
Amortization	19,149	37,330
Provision on investment	2,761	8,710
Provision on placements	2,211	16,887
Effect of exchange rate fluctuation on cash held	180,886	(412,286)
Net interest income	(630,921)	(657,667)
Income tax expense	61,676	22,614
	<u>(66,780)</u>	<u>(633,223)</u>
Changes in operating assets and liabilities		
Receivable from financial institutions	(16,381)	26,444
Required reserve maintained with DAB	74,856	(26,154)
Cash margin held with other banks	(83,926)	(215,370)
Loans and advances to customers - net	637,671	(1,186,734)
Other assets	(458,537)	(954,496)
Deferred income	(10,242)	-
Customers' deposits	(2,857,491)	(1,994,173)
Other liabilities	230,249	728,264
	<u>(2,550,581)</u>	<u>(4,255,442)</u>
Interest received	619,341	607,017
Interest paid	(4,567)	(2,270)
Income tax paid	(297,648)	207,174
<b>Net cash used in operating activities</b>	<u>(2,233,455)</u>	<u>(3,443,521)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital work in progress	(102,908)	(192,756)
Acquisition of operating fixed assets	(22,177)	(5,236)
Acquisition of intangible assets	(3,607)	(22,758)
Placements (with maturity more than three months)	1,307,432	(4,604,312)
Investments	189,018	2,404,471
<b>Net cash from / (used in) investing activities</b>	<u>1,367,758</u>	<u>(2,420,591)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>(865,697)</u>	<u>(5,864,112)</u>
Cash and cash equivalents at the beginning of the period	28,171,171	25,422,621
Cash and cash equivalents at the end of the period	<u>27,305,474</u>	<u>19,558,509</u>

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Chief Executive Officer



Chief Financial Officer

**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]**  
**FOR SIX MONTHS ENDED 30 JUNE 2016**

	Share capital	Surplus on available for sale investments	Capital Reserve	Retained Earnings	Total
	----- AFN '000' -----				
Balance as at 01 January 2015 - (Audited)	1,465,071	13,020	168,262	1,431,185	3,077,538
Total comprehensive income					
Profit for the period	-	-	-	206,255	206,255
Transferred to capital reserve	-	-	10,313	(10,313)	0
Other comprehensive income for six months	-	(9,204)	-	-	(9,204)
Related tax	-	1,841	-	-	1,841
Total comprehensive income net of tax	-	(7,363)	10,313	195,942	198,892
Dividend paid	-	-	-	(144,000)	(144,000)
Balance as at 30 June 2015 - (Un-audited)	<u>1,465,071</u>	<u>5,657</u>	<u>178,575</u>	<u>1,483,127</u>	<u>3,132,430</u>
Balance as at 01 January 2016 - (Audited)	1,465,071	(23,296)	194,455	1,784,857	3,421,087
Total comprehensive income					
Profit for the period	-	-	-	254,247	254,247
Transferred to capital reserve	-	-	12,712	(12,712)	-
Other comprehensive income for six months	-	90,506	-	-	90,506
Related tax	-	(18,101)	-	-	(18,101)
Total comprehensive income net of tax	-	72,405	12,712	241,535	326,652
Balance as at 30 June 2016 - (Un-audited)	<u>1,465,071</u>	<u>49,109</u>	<u>207,167</u>	<u>2,026,392</u>	<u>3,747,739</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

*Signature*



Chief Executive Officer



Chief Financial Officer