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working world

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

Shareholders  
Afghanistan International Bank

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of **Afghanistan International Bank** (the Bank) as at **31 March 2016** and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the interim financial information (the condensed interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting framework as stated in note 2 to the condensed interim financial information. Our responsibility is to express a conclusion on this 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 cause us to believe that the accompanying condensed interim financial information as at 31 March 2016 is not prepared, in all material respects, in accordance with the accounting framework as stated in note 2 to the condensed interim financial information.

### *Other Matters*

The condensed interim financial information of the Bank for the three months ended 31 March 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 16 May 2015, and audit report, dated 19 March 2016, expressed an unqualified conclusion and unqualified opinion thereon respectively.

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Date:  
Kabul, Afghanistan  
Engagement Partner: Shabbir Yunus Khairullah

**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION [UN-AUDITED]**  
**AS AT 31 MARCH 2016**

	Note	31 March 2016 (Un-audited) AFN '000'	31 December 2015 (Audited) AFN '000'
<b>ASSETS</b>			
Cash and balances with Da Afghanistan Bank	4	11,483,414	17,816,406
Balances with other banks	5	8,619,161	5,042,671
Placements - net	6	20,302,233	19,797,852
Investments - net	7	13,585,010	13,532,385
Loans and advances to customers - net	8	3,412,993	3,457,852
Receivables from financial institution	9	627,815	172,482
Operating fixed assets	10	1,070,591	1,047,312
Intangible assets	11	300,805	305,802
Deferred tax assets	13	20,283	20,641
Other assets	12	595,798	459,885
<b>Total assets</b>		<b>60,018,103</b>	<b>61,653,288</b>
<b>LIABILITIES</b>			
Customers' deposits	14	55,642,664	57,997,526
Deferred income on commercial letter of credit and guarantees		22,361	27,110
Other liabilities		791,911	207,565
<b>Total liabilities</b>		<b>56,456,936</b>	<b>58,232,201</b>
<b>EQUITY</b>			
Share capital	15	1,465,071	1,465,071
Capital reserves	16	199,871	194,455
Retained earnings		1,887,766	1,784,857
Surplus / (deficit) on revaluation on available for sale investments - net		8,459	(23,296)
<b>Total equity</b>		<b>3,561,167</b>	<b>3,421,087</b>
<b>Total equity and liabilities</b>		<b>60,018,103</b>	<b>61,653,288</b>
<b>Contingencies and commitments</b>	17		

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

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Chief Executive Officer

  
Chief Financial Officer

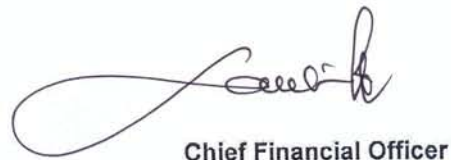
**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]**  
**FOR THREE MONTHS ENDED 31 MARCH 2016**

	Note	Three months ended 31 March 2016 AFN '000'	Three months ended 31 March 2015 AFN '000'
Interest income	18	311,142	304,685
Interest expense	19	(2,287)	(1,116)
Net interest income		308,855	303,569
Fee and commission income		190,878	152,768
Fee and commission expense		(287)	(1,704)
Net fee and commission income		190,591	151,064
Income from dealing in foreign currencies		31,274	32,618
		<u>530,720</u>	<u>487,251</u>
Other income		2,335	57
Loss on sale of securities		(2,641)	-
Provision against loan losses	8.4	(21,717)	(48,183)
Provision on investments	7.5	1,145	(3,060)
Provision on placements	6.2	(6,003)	(27,072)
General and administrative expenses		(367,985)	(325,486)
<b>PROFIT BEFORE INCOME TAX</b>		<u>135,854</u>	<u>83,507</u>
Taxation	20	(27,529)	(22,407)
<b>PROFIT FOR THE PERIOD</b>		<u>108,325</u>	<u>61,100</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that may classify to profit and loss subsequently</b>			
Net change in fair value on available for sale financial instruments		39,694	10,796
Related tax		(7,939)	(2,159)
Other comprehensive income, net of tax		31,755	8,637
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>140,080</u>	<u>69,737</u>
Earnings per share		<u>4.67</u>	<u>2.32</u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

*EMM*

  
Chief Executive Officer

  
Chief Financial Officer

**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS [UN-AUDITED]**  
**FOR THREE MONTHS ENDED 31 MARCH 2016**

	Three months ended 31 March 2016	Three months ended 31 March 2015
Note	AFN '000'	AFN '000'
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	108,325	61,100
Adjustments for:		
Provision against loans and advances	21,717	48,183
Depreciation	4,916	4,860
Amortization	6,210	5,007
Provision on investment	(1,145)	3,060
Provision on placements	6,003	27,072
Effect of exchange rate fluctuation on cash held	(1,668,191)	535,868
Net interest income	(308,855)	(303,569)
Income tax expense	27,529	22,407
	<u>(1,803,491)</u>	<u>403,988</u>
Changes in operating assets and liabilities		
Receivable from financial institutions	477,958	(46,840)
Required reserve maintained with DAB	415,574	103,005
Cash margin held with other banks	(158,369)	(104,788)
Loans and advances to customers - net	(278,407)	(871,577)
Other assets	365,235	(285,374)
Deferred income on commercial letter of credit and guarantees	14,895	(153,833)
Customers' deposits	4,239,732	(1,505,415)
Other liabilities	584,346	34,775
	<u>3,857,471</u>	<u>(2,426,059)</u>
Interest received	293,318	284,548
Interest paid	(2,287)	(2,820)
Income tax paid	(182,276)	(46,912)
<b>Net cash from operations</b>	<b>3,966,227</b>	<b>(2,191,243)</b>
<b>4074983.19662828</b>		
Capital work in progress	(11,311)	(50,937)
Acquisition of operating fixed assets	(16,884)	(11,652)
Acquisition of intangible assets	(1,213)	(24,448)
Placements (with maturity more than three months)	1,717,761	(3,323,295)
Investments	(11,786)	1,430,711
	<u>1,676,567</u>	<u>(1,979,621)</u>
<b>Net cash used in investing activities</b>	<b>5,642,794</b>	<b>(4,170,864)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>28,171,171</b>	<b>25,422,621</b>
Cash and cash equivalents at 01 January	<u>28,171,171</u>	<u>25,422,621</u>
Cash and cash equivalents at 31 March	<u>22</u> <u>33,813,965</u>	<u>21,251,758</u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

*EMM*

  
Chief Executive Officer

  
Chief Financial Officer

**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]**  
**FOR THREE MONTHS ENDED 31 MARCH 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	-	-	-	61,100	61,100
Transferred to Capital Reserve	-	-	3,055	(3,055)	-
Other comprehensive income for three months	-	10,796	-	-	10,796
Related tax	-	(2,159)	-	-	(2,159)
Total comprehensive income net of tax	-	8,637	3,055	58,045	69,737
Balance as at March 31, 2015 - (Un-audited)	<u>1,465,071</u>	<u>21,657</u>	<u>171,317</u>	<u>1,489,230</u>	<u>3,147,275</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	-	-	-	108,325	108,325
Transferred to Capital Reserve	-	-	5,416	(5,416)	-
Other comprehensive income for three months	-	39,694	-	-	39,694
Related tax	-	(7,939)	-	-	(7,939)
Total comprehensive income net of tax	-	31,755	5,416	102,909	140,080
Balance as at 31 March 2016 - (Un-audited)	<u>1,465,071</u>	<u>8,459</u>	<u>199,871</u>	<u>1,887,766</u>	<u>3,561,167</u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

*ERM*



Chief Executive Officer



Chief Financial Officer