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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** as at **30 September 2016** and the related condensed interim statements of comprehensive income, cash flows and changes in equity for the nine months then ended, and notes to the condensed interim financial information ('the condensed interim financial information'). Management is responsible for the preparation and presentation of this condensed 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 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 September 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 nine months ended 30 September 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 02 November 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 SEPTEMBER 2016

	Note	30 September 2016 (Un-audited) AFN '000'	31 December 2015 (Audited) AFN '000'
ASSETS			
Cash and balances with Da Afghanistan Bank	4	11,958,819	17,816,406
Balances with other banks	5	8,531,634	5,042,671
Placements - net	6	19,555,242	19,797,852
Investments - net	7	14,176,030	13,532,385
Loans and advances to customers - net	8	3,319,632	3,457,852
Receivable from financial institutions		188,863	172,482
Operating fixed assets	9	1,341,240	1,047,312
Intangible assets		296,847	305,802
Deferred tax assets		-	20,641
Other assets	10	767,225	459,885
Total assets		<u><u>60,135,532</u></u>	<u><u>61,653,288</u></u>
LIABILITIES			
Customers' deposits	11	55,728,785	57,997,526
Deferred income		14,312	27,110
Deferred tax liabilities		10,902	-
Other liabilities		483,469	207,565
Total liabilities		<u><u>56,237,468</u></u>	<u><u>58,232,201</u></u>
EQUITY			
Share capital	12	1,465,071	1,465,071
Capital reserves		212,758	194,455
Retained earnings		2,132,609	1,784,857
Surplus / (deficit) on revaluation on available for sale investments - net		87,626	(23,296)
Total equity		<u><u>3,898,064</u></u>	<u><u>3,421,087</u></u>
Total equity and liabilities		<u><u>60,135,532</u></u>	<u><u>61,653,288</u></u>
Contingencies and commitments	13		

The annexed notes 1 to 20 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 NINE MONTHS ENDED 30 SEPTEMBER 2016

Note	Nine months ended		Three months ended		
	30 September 2016	30 September 2015	30 September 2016	30 September 2015	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	
	AFN '000'		AFN '000'		
Interest income	14	967,037	982,681	331,549	322,744
Interest expense	15	(6,806)	(3,835)	(2,239)	(1,154)
Net interest income		960,231	978,846	329,310	321,590
Fee and commission income		581,116	503,406	189,153	170,194
Fee and commission expense		(576)	(7,649)	(0)	(4,094)
Net fee and commission income		580,540	495,757	189,153	166,100
Income from dealing in foreign currencies		100,335	151,515	27,943	67,054
		1,641,106	1,626,118	546,406	554,744
Other income		22,250	1,155	3,728	1,264
Loss on sale of securities		(2,981)	-	(153)	-
Reversal of provision / (provision) on placements	6.2	2,707	(12,377)	4,918	4,510
Provision on investments		(8,347)	(12,188)	(5,586)	(3,478)
Provision against loan losses	8.1	(60,075)	(118,911)	(31,265)	(18,782)
Cash balance written off		-	(17,371)	-	(17,371)
General and administrative expenses		(1,140,649)	(1,054,159)	(379,961)	(337,078)
PROFIT BEFORE TAX		454,011	412,267	138,087	183,809
Taxation	16	(87,956)	(57,930)	(26,281)	(35,316)
PROFIT FOR THE PERIOD		366,055	354,337	111,806	148,493
OTHER COMPREHENSIVE INCOME					
Items that may be classified to profit and loss subsequently					
Net changes in fair value of available for sale financial instruments		138,653	(31,325)	48,146	(22,121)
Related tax		(27,731)	6,265	(9,629)	4,424
Other comprehensive income / (loss), net of tax		110,922	(25,060)	38,517	(17,697)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		476,977	329,277	150,323	130,796
Earnings per share		15.90	10.98	5.01	4.36

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



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AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS [UN-AUDITED]
FOR NINE MONTHS ENDED 30 SEPTEMBER 2016

	Note	Nine months ended 30 September 2016 (Un-audited) AFN '000'	Nine months ended 30 September 2015 (Un-audited) AFN '000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		366,055	354,337
Adjustments for:			
Provision against loans and advances		60,075	118,911
Depreciation		25,994	20,627
Amortization		19,150	21,262
Provision on investment		8,347	12,188
Reversal of provision / (provision) on placements		(2,707)	12,377
Unrealised currency translation losses / (gains)		8,422	(1,844,739)
Net interest income		(960,231)	(978,846)
Income tax expense		87,956	57,930
		<u>(386,939)</u>	<u>(2,225,953)</u>
Changes in operating assets and operating liabilities			
Receivable from financial institutions		(16,381)	(173,109)
Required reserve maintained with DAB		35,151	(177,441)
Cash margin held with other banks		15,587	92,190
Loans and advances to customers - net		78,145	(1,170,979)
Other assets		(117,375)	(51,794)
Deferred income		(12,798)	872,852
Customers' deposits		(2,268,741)	21,296
Other liabilities		275,904	104,623
		<u>(2,397,447)</u>	<u>(2,708,315)</u>
Interest received		914,656	923,552
Interest paid		(6,806)	(3,835)
Income tax paid		(48,100)	(51,991)
Net cash used in operating activities		<u>(1,537,697)</u>	<u>(1,840,589)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital work-in-progress		(273,641)	(501,669)
Acquisition of operating fixed assets		(46,281)	(24,769)
Acquisition of intangible assets		(3,608)	(40,573)
Placements (with maturity more than three months)		(3,695,078)	(4,664,822)
Investments		(492,212)	1,589,937
Net cash used in investing activities		<u>(4,510,820)</u>	<u>(3,641,896)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash flows used in financing activities		-	(144,000)
Net cash used in financing activities		<u>-</u>	<u>(144,000)</u>
Net decrease in cash and cash equivalents		<u>(6,048,517)</u>	<u>(5,626,484)</u>
Cash and cash equivalents at the beginning of the period		28,171,171	25,422,621
Effect of exchange rate changes on cash and cash equivalents		(204,348)	1,844,739
Cash and cash equivalents at the end of the period	18	<u><u>21,918,306</u></u>	<u><u>21,640,876</u></u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive Officer



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

	Share capital	(Deficit) / 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	-	-	-	354,337	354,337
Transferred to capital reserve	-	-	17,717	(17,717)	-
Other comprehensive income for nine months	-	(31,325)	-	-	(31,325)
Related tax	-	6,265	-	-	6,265
Total comprehensive income net of tax	-	(25,060)	17,717	336,620	329,277
Dividend paid	-	-	-	(144,000)	(144,000)
Balance as at 30 September 2015 - (Un-audited)	<u>1,465,071</u>	<u>(12,040)</u>	<u>185,979</u>	<u>1,623,805</u>	<u>3,262,815</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	-	-	-	366,055	366,055
Transferred to capital reserve	-	-	18,303	(18,303)	-
Other comprehensive income for nine months	-	138,653	-	-	138,653
Related tax	-	(27,731)	-	-	(27,731)
Total comprehensive income net of tax	-	110,922	18,303	347,752	476,977
Balance as at 30 September 2016 - (Un-audited)	<u>1,465,071</u>	<u>87,626</u>	<u>212,758</u>	<u>2,132,609</u>	<u>3,898,064</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


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