Azizi Bank
Kabul, Afghanistan

OFFICE COPY

USD

Audited Financial Statements along with Accompanying Information

For the year ended as at December 31, 2017

Crowe Horwath
Smart decisions. Lasting value.

Crowe Horwath Afghanistan
Independent Member Crowe Horwath International

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INDEPENDENT AUDITORS' REPORT

To the shareholders of Azizi Bank

Opinion

We have audited the financial statements of Azizi Bank ("the Bank"), which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Law of Banking in Afghanistan and directivities issued by the Central Bank of Afghanistan (DAB).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Afghanistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined one key audit matter to communicate in our report;

1. As a consequence of in principle permission secured by the 100% subsidiary i.e. Bakhtar Bank of the bank for conversion to full-fledged Islamic bank on November 22, 2015, subsidiary had started the process of conversion as per letter no. 6786/6808 dated 26/10/1396 whereby the certain requirements were placed to be completed by Da Afghanistan Bank. Subsequently, subsidiary bank had submitted the report on completion of the pre-requisites which could be finalized on interim basis to Da Afghanistan Bank on February 14, 2018. Currently subsidiary bank is in the phase of system migration and license will be secured during 2018 after completion of all post-facto items required in the above mentioned letter, in the name of "Islamic Bank of Afghanistan".

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Responsibility of Management and Those Charged with Governance 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) as issued by the International Accounting Standards Board (IASB) and with the requirements of the Law of Banking in Afghanistan and directives issued by the Central Bank of Afghanistan (DAB), 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.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

For the matters communicated with those charged with governance, we determine the matter that was of the most significant in the audit of the financial statements of the current period and is, therefore, the key audit matter. We describe these matters in our auditor's report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Crowe Horwath Afghanistan, Auditors and Business Advisors (A member firm of Crowe Horwath International) website at: www.crowehorwath.com . This description forms part of our auditor's report.

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Crowe Horwath Afghanistan
Auditors and Business Advisors
Kabul

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29 MAR 2018
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AZIZI BANK
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

2017	2016		Note	2017	2016
..........USD '000'..........				..........AFN '000'..........	
		ASSETS			
284,386	257,735	Cash and cash equivalents	5	19,858,653	17,224,439
112,451	109,623	Loans and advances to customers	6	7,852,453	7,326,122
54,753	49,637	Investments	7	3,823,370	3,317,251
24,703	23,567	Investment in subsidiary	8	1,725,000	1,575,000
250	250	Investment in APS	9	17,458	16,708
14,546	12,208	Property and equipment	10	1,015,759	815,869
571	678	Intangible assets	11	39,886	45,340
4,202	4,361	Non-current assets held for sale	12	293,451	291,423
40,308	35,661	Other assets	13	2,814,706	2,383,196
536,170	493,720	**Total assets**		37,440,735	32,995,348
		EQUITY AND LIABILITIES			
		Liabilities			
2,690	53,535	Deposits from banks	14	187,837	3,577,744
444,603	352,234	Deposits from customers	15	31,046,591	23,539,800
-	-	Current tax liability	16	-	-
5,376	3,267	Other liabilities	17	375,424	218,380
452,669	409,036	**Total liabilities**		31,609,852	27,335,924
		Equity			
76,864	80,314	Share capital	18	5,367,400	5,367,400
6,637	4,370	Retained earning		463,483	292,024
83,501	84,684	**Total equity**		5,830,883	5,659,424
536,170	493,720	**Total equity and liabilities**		37,440,735	32,995,348
		Contingencies and commitments	25		

The annexed notes 1 to 29 form an integral part of these financial statements.

Chairman **Chief Executive Officer** **Chief Finance Officer**

AZIZI BANK

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

2017	2016		Note	2017	2016
......USD '000'......				.........AFN '000'........	
13,675	20,986	Interest income	19	954,922	1,402,526
(8,704)	(12,382)	Interest expense	19	(607,829)	(827,506)
4,971	8,604	**Net interest income**		347,093	575,020
19,374	13,065	Fee and commission income	20	1,352,906	873,135
(460)	(1,250)	Fee and commission expense	20	(32,089)	(83,510)
18,914	11,815	**Net fee and commission income**		1,320,817	789,625
23,885	20,419	**Operating income**		1,667,910	1,364,645
(83)	(2,154)	Net impairment (loss) /gain on loans and advances	6.7	(5,761)	(143,948)
(2,468)	-	interest, account receivable and non-funded facilities		(172,328)	-
(7,424)	(6,826)	Employee benefit expenses	21	(518,399)	(456,160)
(431)	(869)	Depreciation on fixed assets	10	(30,126)	(58,090)
(189)	(123)	Amortization of intangible assets	11	(13,188)	(8,245)
(1,602)	(1,657)	Operating lease expenses		(111,837)	(110,763)
(11,305)	(9,668)	Other expenses	22	(789,425)	(646,139)
(23,502)	(21,298)	**Operating expenses**		(1,641,064)	(1,423,345)
1,499	635	Foreign Exchange Gain		104,673	42,440
17	36	Gain on disposal of property and equipment		1,216	2,394
1,169	614	Other operating income		81,589	41,015
2,685	1,285	**Non-operating income**		187,478	85,849
3,069	406	**Profit before taxation**		214,324	27,149
(614)	(81)	Taxation	23	(42,865)	(5,430)
2,455	325	**Profit for the year**		171,459	21,719
-	-	Other comprehensive income		-	-
2,455	325	**Total comprehensive income for the year**		171,459	21,719

The annexed notes 1 to 29 form an integral part of these financial statements.

Chairman	Chief Executive Officer	Chief Finance Officer

AZIZI BANK

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Share capital (USD '000')	Retained earnings (USD '000')	Total (USD '000')		Share capital (AFN '000')	Retained earnings (AFN '000')	Total (AFN '000')
76,864	4,182	81,046	**Balance as at January 01, 2017**	5,367,400	292,024	5,659,424
			Comprehensive income			
-	2,455	2,455	**Net Profit for the year**	-	171,459	171,459
			Transactions with owners			
76,864	6,637	83,501	**Balance as at December 31, 2017**	5,367,400	463,483	5,830,883
80,314	4,045	84,359	Balance as at January 01, 2016	5,367,400	270,305	5,637,705
			Comprehensive income			
-	325	325	Net Profit for the year	-	21,719	21,719
			Transactions with owners			
-	-	-	Ordinary share issue	-	-	-
80,314	4,370	84,684	Balance as at December 31, 2016	5,367,400	292,024	5,659,424

The annexed notes 1 to 29 form an integral part of these financial statements.

Chairman **Chief Executive Officer** **Chief Finance Officer**

AZIZI BANK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

2017	2016			2017	2016
.......USD '000'.......			Note	..........AFN '000'..........	
		CASH FLOWS FROM OPERATING ACTIVITIES			
3,069	406	Profit before taxation		214,324	27,149
		Adjustments for:			
(17)	(36)	Gain on disposal of property and equipment		(1,216)	(2,394)
431	869	Depreciation	10	30,126	58,090
189	123	Amortization	11	13,188	8,245
83	2,153	Net impairment (reversal)/loss on loans and advances	6.7	5,761	143,948
3,755	3,516			262,183	235,038
		Increase / decrease in operating assets and liabilities:			
(7,620)	58,794	Loans and advances to customers		(532,092)	3,929,201
(6,874)	(10,366)	Other assets		(474,374)	(677,622)
(48,545)	(44,649)	Deposits from banks		(3,389,907)	(2,983,915)
107,501	111,743	Deposits from customers		7,506,791	7,467,817
2,249	(820)	Other liabilities		157,044	(54,821)
50,546	118,217	**Net cash generated from /used in operating activities**		3,529,645	7,915,698
		CASH FLOWS FROM INVESTING ACTIVITIES			
(7,248)	(20,946)	Investment made / investments divested		(506,119)	(1,399,826)
(3,294)	(2,116)	Purchase of property and equipment		(230,016)	(141,421)
(29)	-	Non-current assets held for sale		(2,028)	(291,423)
(111)	(289)	Purchase of intangible assets		(7,734)	(19,332)
18	34	Proceeds from sale of property and equipment		1,216	2,394
(2,159)	(2,810)	Investment in subsidiary and APS		(150,750)	(49,615)
(12,823)	(26,127)	**Net cash used in / generated from investing activities**		(895,431)	(1,899,223)
		CASH FLOWS FROM FINANCING ACTIVITIES			
-	-	Proceeds from issuance of shares		-	-
-	-	**Net cash generated from financing activities**		-	-
37,723	90,027	**Net increase in cash and cash equivalents**		2,634,214	6,016,475
246,662	167,709	Cash and cash equivalents at beginning of the year		17,224,439	11,207,964
284,386	257,735	**Cash and cash equivalents at the end of the year**	5	19,858,653	17,224,439

The annexed notes 1 to 29 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Chief Finance Officer

1. STATUS AND NATURE OF OPERATIONS

Azizi Bank ("the Bank") is a commercial bank registered and operating in Afghanistan. The bank obtained a business license from Afghanistan Investment Support Agency and is a limited liability company. The Bank commenced its operations on 13 June 2006 under the license for commercial banking issued to it by Da Afghanistan Bank, the central bank of Afghanistan ("DAB") under the law of banking in Afghanistan. The principal activity of the bank is to provide commercial and retail banking services within Afghanistan.

The Registered office of the bank is located at Zanbaq Square, Kabul, Afghanistan and has 75 branches /10 extension counters (2016 :75 and 10 extension counters).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB). Whenever, the requirements of the Law of Banking in Afghanistan differs with the requirements of IFRS, the requirement of the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB) takes precedence.

Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for the first time for the first time for December 31, 2017 are as below;

- Amendment to IAS-7 "Cash flow statements" with effective date 01 January 2017
- Amendment to IAS-12 "Income taxes" with effective date 01 January 2017
- Amendment to IFRS-12 "Disclosure of interest in other entities" with effective date 01 January

Standards, amendments and interpretations to publish approved accounting standards that are not yet effective

- Amendment to IFRS-4 "Insurance Contracts" with effective date 01 January 2018
- Amendment to IFRS-9 "Financial Instruments" with effective date 01 January 2018
- Amendment to IFRS-15 "Revenue from contracts with customers" with effective date 01 January 2018
- Amendment to IAS-40 "Investment Property" with effective date 01 January 2018
- Amendment to IAS-02 "Share based payments" with effective date 01 January 2018
- Amendment to IFRS-16 "Leases" with effective date 01 January 2019
- Amendment to IFRS-17 "Insurance Contracts" with effective date 01 January 2021
- Amendment to IFRIC-22 "Foreign Currency transaction and advance consideration" with effective date 01 January 2018
- Amendment to IFRIC-23 "Uncertainty over income tax treatments " with effective date 01 January 2019

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise disclosed in accounting policies.

2.3 Functional and presentation currency

These financial statements are presented in Afghani ("AFN") which is the bank's functional currency. Except or otherwise indicated, the financial information presented in AFN has been rounded to be nearest thousand.

The US Dollar amounts shown in the financial statements are stated solely for information convenience. For the purpose of translation to USD Dollars, the rate of AFN for the year 2017 is 69.83(2016: 66.83) per US Dollar has been used.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial years. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and judgment will, by definition, rarely equal the related actual results. The material estimates, assumptions and judgments used to measure and classify the carrying amounts of assets and liabilities are outlined below:

a) Provision for loan losses

The Bank reviews loan to customer balances quarterly for possible impairment and records the provisions for possible loan losses as per the Bank's policy and in accordance with DAB regulations as disclosed in Note: 6.

b) Provision for income taxes

The Bank recognizes tax liability in accordance with the provisions of Income Tax Law 2009. The final tax liability is dependent on assessment of Ministry of Finance, Afghanistan.

c) Useful life of property and equipment and intangible assets

The Bank reviews the useful life and residual value of property and equipment and intangible assets on regular basis. Any change in estimates may effect the carrying amounts of the respective items of property and equipment and intangible assets with a corresponding effect on the depreciation / amortization charge.

d) Held to maturity investments

Investments classified as 'held to maturity' are non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless or otherwise stated.

4.1 Foreign currency transaction and translation

Foreign currency transactions are translated into functional currency using the exchange rate prevailing on the date of the transaction. Foreign currency assets and liabilities are translated using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of assets and liabilities denominated in foreign currencies are recognized in income currently.

	USD	Euro	Sterling
The exchange rate for following currencies against AFN were :			
As at 31st December 2017	69.83	83.25	93.55

4.2 Equity Investment in Subsidiary

Investment in subsidiary is initially recognized at cost less impairment losses and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the income statement.

4.3 **Revenue recognition**

a) Interest income and expense is recognized in the statement of comprehensive income using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant periods. The effective interest rate is the rate that discounts estimated future cast payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fee paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

b) Due but unpaid interest income is accrued on overdue advances for periods up to 120 Days in compliance with the regulations issued by DAB. After 120 days, overdue advances are classified as non-performing loans and further accrual of unpaid interest income ceases.

c) Gains and losses on disposal of property and equipment are recognized in the period in which disposal is made.

d) Fees and commission income and expenses are recognized on an accrual basis when the service has been provided / received, except commission on guarantee and letter of credit which is non-refundable and recognized at the time of issuance of guarantees and letter of credit.

e) Fees and commission income that are integral part to the effective interest rate on financial assets and financial liabilities are included in the measurement of effective interest rate. Other fees and commission expenses related mainly to the transactions are service fee, which are expensed as the services are received.

4.4 **Operating leases**

Operating lease rentals are recorded in profit and loss account on a time proportion basis over the term of the lease arrangements.

4.5 **Taxation**

Current

The current income tax is calculated in accordance with the Income Tax Law, 2009. Management periodically evaluates position taken in tax return with respect to situation in which applicable tax regulation is subject to interpretation and establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that the taxable profits will be available against which those deductible temporary can be utilized. Such differences of deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that effect neither the taxable profit nor the accounting profit.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.6 Financial assets and Financial liabilities

Financial Assets

The Bank classifies its financial assets in four categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held-for-trading if it is acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

b) Loans and receivables

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market, other than:

i) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit and loss;

ii) those that the entity upon initial recognition designates as available for sale; or

iii) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration. Cash and balances with Da Afghanistan Bank (DAB), balances with banks and receivables from financial institution, loan and advances to customers and security deposits and other receivables are classified under this category.

c) Held-to-maturity financial assets

Held-to-Maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and that the Bank's management has the positive intention and ability to hold to maturity. If the Bank were to sell other than an insignificant amount of held-to-maturity financial assets before its maturity, the entire category would be reclassified as available for sale. Short term placements are classified under this category.

d) Available-for-sale financial assets

Available-for-sale assets are those intended to be held for an indefinite period of time, which may be sold in response to need for liquidity or changes in interest rates, exchange rates or equity prices. Available-for-sale financial assets (AFS) are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investment or (iii) financial assets at fair value through profit or loss.

Recognition, subsequent measurement and adjustments of fair values of financial assets

Regular-way purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available for sale are recognized on trade-date the date on which the Bank commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss category are presented in the statements of comprehensive income as a part of other income in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in other comprehensive income, until the financial asset is derecognized or impaired.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gain and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Impairment of financial assets

a) Assets carried at amortized cost except for loans and advance

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Cash Flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiations of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration below investment grade level.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credits losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of comprehensive income in impairment charge for credit losses.

b) Loans and receivables

These are stated net of general provisions on loan and advances considered "Standard" and specific provisions for non-performing loans and advances, if any. The outstanding principal of the advances are classified in accordance with the Classification and Loss Reserve Requirement(CLRR) issued by DAB.

Standard

These are loans and advances, which are paying in a current manner and are adequately protected by sound net worth and paying capability of the borrower or by the collateral, if any supporting it. A provision is maintained in the books of account @ 1% of value of such loans and advances.

Watch

These are loans and advances, which are adequately protected by the collateral, if any supporting it, but are potentially weak. Such advances constitute an unwarranted credit risk, but not to the point of requiring a classification of Substandard. further, all loans and advances which are past due by 31 to 60 days for principal or interest payment are classified as Watch. A provision is maintained in the books of account @5% of value of such loans and advances.

Substandard

These are loans and advances, which are inadequately protected by current sound net worth and paying capacity of the borrower or by the collateral , if any, supporting it. Further, all loans and advances which are past due by 61 or 120 days for principal or interest payments are also classified as Substandard. A provision is maintained in the books of account @25% of value of such loans and advances.

Doubtful

These are loans and advances, which can be classified as Substandard and have added characteristic that these weaknesses make collection or liquidation in full, on the basis of current circumstances and values, highly questionable and improbable. further, all loans and advances which are past due by 120 to 480 days for principal or interest payments are also classified as Doubtful as per Asset Classification Schedule Amended 2015. A provision is maintained in the books of account @50% of value of such loans and advances.

Loss

These are loans and advances, which are not collectable and or such little value that in continuance as a bankable asset is not warranted. Further, all loans and advances which are past due over 360 days for principal or interest payments are also classified as Loss as per Asset Classification and Provisioning Regulations issued in the month of October 2017. A provision is maintained in the books of account @100% of value of such loans and advances and then these loans are charged off and the reserve for losses is reduced immediately upon determination of Loss status.

c) Assets classified as available for sale

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired in the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value , less any impairment loss on those financial assets previously recognized in the statements of comprehensive income is removed from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instrument are not reversed through the statement of comprehensive income, If in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income, related to an event occurring after the impairment loss was recognized.

Financial Liabilities

The Bank classifies its financial liabilities in following categories;

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if incurred principally for the purpose of trading or payment in the short term. Derivatives (if any) are also categorized as held for trading unless they are designed as hedges.

b) Other financial liabilities measured at amortized cost

These are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. These are recognized initially at fair value., net of transaction costs incurred and are subsequently stated at amortized cost; any differences between the proceed (net of transaction costs) and the redemption value is recognized in the income statements.

4.7 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Non-financial assets that are subject to depreciation /amortization are reviewed for impairment whenever events or changes in circumstances indicates that the carrying amount may not be recoverable. An impairment loss or reversal of impairment loss is recognized in the statement of comprehensive income. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. (cash-generating units)

4.8 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprises balances with less than three months maturity from the date of acquisition including cash in hand, unrestricted balances with Da Afghanistan Bank (DAB) and balances with other banks. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

4.9 Loans and advances

Loans and advances initially measured at fair value plus incremental direct transaction cost and subsequently measured at their amortized cost using the effective interest method. Determination of allowance for impairment, reserve for losses and non-accrual status cases is made in accordance with the regulations issued by Da Afghanistan Bank (DAB).

4.10 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, (if any).

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. During the year management has performed impairment testing on Owned Building and had recognized the impairment loss and consequently useful life of the asset has been re-assessed.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of an item of property and equipment, and are recognized net within other income in profit or loss.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each items of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. Full month's depreciation is charged on property and equipment in the month of addition and no depreciation is charged in the month of deletion. The estimated useful lives of the items of property and equipment for the current and comparative period are as follows:

- Building	20 years	- Office equipment	05 years
- IT equipment	03 years	- Furniture and fitting	05 - 20 years
- Motor vehicles	6.67 years	- ATM	03 years

Depreciation methods, useful lives and residual values are reassessed at each financial year-end and adjusted if appropriate.

Leased

Leasehold building is amortized over the period of the lease .i.e. 20 years.

4.11 **Intangible assets**

Software acquired by the bank is stated at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on software asset is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortization is recognized in the statement of comprehensive income on a straight line basis over the estimated useful life of the software from the date it is available for use since this most closely reflects the pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three years. Amortization methods, useful lives and residual values are reassessed at each financial year end and adjusted, if appropriate.

4.12 **Recognition and Measurement of Goodwill**

Goodwill has been recognized by the bank as of the acquisition date measured as the aggregate of the consideration transferred in accordance with IFRS - 3 "Business Combination" which generally requires acquisition date fair value. Measurement of goodwill is the consideration transferred to the acquire. The fair value of the goodwill recognized is being amortized over ten years period starting from January 2015 @ 10% per year.

4.13 **Investment in associate**

Investment in associate is carried at cost less impairment if any.

4.14 **Deposits**

Deposits are the bank's source of funding. Deposits are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using effective interest method, except where the bank choose to carry the liabilities at fair value through profit and loss.

4.15 Provisions

A provision is recognized if, as a result of a past event, the bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.16 Employee compensation

Short-term employee benefits, if any, are measured on an undiscounted basis and are expensed as the related service is provided.

4.17 Off-setting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gain and losses arising from a group of similar transactions.

4.18 Non-current assets held for sale

Non-current assets held for sale signifies those assets taken up by the bank from collaterals held against the written off and doubtful loans and advances. For classifying these assets criteria set forth in the relevant standard has been followed i.e. management is committed to plan to sell, the asset is immediately available for sale, an active programme to locate the buyer has been initiated, the sale is highly probable with in 60 months of classification as held for sale, the assets is being actively marketed for sales price reasonable in relation to its fair value and actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn. Bank is allowed to classify only 4% of its total assets to non-current asset held for sale.

At the time of classification as held for sale. Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset will be measured in accordance with applicable IFRSs and Asset Classification and Provisioning Regulations Article 11 and 12. After classification as held for sale, Non-current assets that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

At the time of classification as held for sale; Immediately prior to classifying an asset or disposal group as held for sale, impairment is measured and recognized in accordance with the applicable IFRSs.
After classification as held for sale; Calculate any impairment loss based on the difference between the adjusted carrying amounts of the asset and fair value less costs to sell. Any impairment loss that arises by using the measurement principles in IFRS 5 must be recognized in profit or loss.

Subsequent increases in fair value. A gain for any subsequent increase in fair value less costs to sell of an asset can be recognized in the profit or loss to the extent that it is not in excess of the cumulative impairment loss that has been recognized in accordance with the relevant IFRSs.

	Note	2017	2016
		..........AFN '000'..........	
5. CASH AND CASH EQUIVALENTS			
Cash in hand	5.1	**4,591,118**	5,350,435
Remittances in transit	5.2	**687,397**	-
Balances with banks:			
Balances with Da Afghanistan Bank		**11,128,589**	5,467,231
Balances with other banks	5.3	**3,451,549**	6,406,773
		14,580,138	11,874,004
		19,858,653	17,224,439

5.1 Cash in hand

	2017	2016
Local currency	**1,609,829**	2,122,523
Foreign currency	**2,981,289**	3,227,912
	4,591,118	5,350,435

5.2 Remittances in transit

	2017	2016
Remittances in transit - others	**687,397**	-
	687,397	-

5.3 Balances with other banks

	2017	2016
Western Union International Bank GmbH	**142,636**	76,696
Transkapital - Russia	**559,432**	-
Nurol Bank - Turkey	**442**	-
HDFC Bank Limited - India	**29,369**	11,972
Bank of India - India	**16,046**	11,196
Punjab National Bank - United Kingdom	**393**	5,109
Aktif Bank - Turkey	**-**	12,670
CSC Bank - Lebanon	**83,292**	55,304
Yinzhou Bank - China	**1,945**	1,861
Pashtany Bank - Afghanistan	**1,848**	8,994
Banca Popolare-Italy	**816,349**	796,258
Habib Bank- Kabul	**-**	23,838
Punjab National Bank - India	**188**	180
BMCE Bank International- Spain	**531,367**	35,609
Axis Bank- Germany	**2,097**	380,759
Bank Mili- Afghanistan	**361,355**	-
Bakhtar Bank - subsidiary	**904,789**	4,986,327
	3,451,549	6,406,773

	Note	2017	2016
		........AFN '000'........	
6. LOANS AND ADVANCES TO CUSTOMERS			
Loans and advances to customers at amortized cost	6.1	**7,852,453**	7,326,122

All loans and advances are expected to be recovered within five years of the balance sheet date.

6.1

	Note	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
		31 December 2017			31 December 2016		
		.................AFN '000'.................					
Running finances	6.2	**6,882,981**	**(385,595)**	**6,497,386**	6,433,794	(1,108,164)	5,325,631
Terms loans	6.3	**1,595,897**	**(362,867)**	**1,233,030**	1,525,918	(410,925)	1,114,994
Residential mortgage loans	6.4	**107,283**	**(5,364)**	**101,919**	922,745	(46,137)	876,608
Other public consumer loans	6.5	**20,935**	**(817)**	**20,118**	10,379	(1,489)	8,890
		8,607,096	**(754,643)**	**7,852,453**	8,892,837	(1,566,715)	7,326,122

6.2 Running finance facilities are extended to retail customers for a maximum period of one year (2016: one year) subject to renewal at the end of loan term for another one year. These facilities carry interest ranging from 11% to 20% per annum (2016: 11% to 20%). The facilities are secured against immovable properties, stock and receivables of the borrowers and personal guarantees in certain cases.

6.3 Long term loan are extended to corporate customers for period of one to five years (2016: one year to five years). These facilities carry interest ranging from 12% to 20% per annum (2016: 12% to 20% per annum) . The facilities are secured against immovable properties, stock and receivables of the borrowers and personal guarantees.

6.4 Residential mortgage loans are extended to individuals for purchase of residential units in three housing projects in Kabul, Afghanistan. These housing projects are being constructed by three companies under the umbrella of M/s Onyx Construction Limited . Under the terms of loans agreements signed by the bank with borrowers, the loans are disbursed to contractors and carrying interest ranging from 10 % to 12 % (2016: 10 % to 12 %) per annum for maximum of five years. These loans are secured against equitable mortgage over property under construction and personal guarantees. Subsequent to year end all these loans have been repaid.

6.5 Other public consumer loans are extended to staff and individuals for a period of six months to three years. These loans carry interest ranging from 6% to 12% per annum (2016: 6% to 16% per annum) and are secured against immovable properties and personal guarantees.

	Note	2017	2016
		.........AFN '000'.........	
6.6 Maturity profile of the loans and advances to customers is as under:			
Current portion		**6,882,981**	6,433,794
Long term portion		**1,724,115**	2,459,042
		8,607,096	8,892,837
6.7 Impairment allowance on loans and advances			
Balance at beginning of year		**1,566,715**	1,658,399
Allowance for the year		**5,761**	143,948
Write off during the year		**(855,383)**	(180,941)
Currency fluctuation		**37,550**	(54,691)
Balance as at the end of the year		**754,643**	1,566,715
7. INVESTMENTS			
Capital notes with DAB	7.1	**1,798,300**	2,340,013
Placements in other banks	7.2	**2,025,070**	977,238
		3,823,370	3,317,251

		Note	2017	2016
			........AFN '000'.........	
7.1	***Held to maturity***			
	Interest rate range			
Capital notes - 28 days	0.200% per annum (2016: 3.533 % to 3.550%)		999,813	1,396,155
Capital notes - 91 days	0.800%(2016: 4.33 % per annum)		798,486	593,504
Capital notes - 364 days	0.00% (2016: 6.675%) per annum		-	350,354
			1,798,300	2,340,013
7.2	***Placements in other Banks***			
Bank-e-Millie Afghanistan		7.2.1	-	349,999
Punjab National Bank - Dubai		7.2.2	907,790	200,490
Punjab National Bank - Hong Kong		7.2.3	69,830	402,148
Punjab National Bank - London		7.2.4	-	24,601
Banca Popolare - Turkey		7.2.5	209,490	-
RBL - India		7.2.6	488,810	-
Yes bank - India		7.2.7	349,150	-
			2,025,070	977,238

7.2.1 These are short term time deposits and are carrying interest at 4% per annum.

7.2.2 These are short term time deposits and are carrying interest at 1.75% to 1.90% (2016: 1.5%) per annum.

7.2.3 These are short term time deposits and are carrying interest at 2.60% (2016: 1.05% to 2.6%) per annum.

7.2.4 These are short term time deposits and were carrying interest at 0% (2016: 1.75% 23-Jan-15 to 23-Jan-16 per annum.)

7.2.5 These are short term time deposits and are carrying interest at 1.55% (2016: 0%) per annum.

7.2.6 These are short term time deposits and are carrying interest at 1.80% to 2.00% (2016: 0%) per annum.

7.2.7 These are short term time deposits and are carrying interest at 1.65% (2016: 0%) per annum.

8. INVESTMENT IN SUBSIDIARY

	Note	2017	2016
Opening balance		1,575,000	1,525,000
Issuance of shares		150,000	50,000
Closing balance	8.1	1,725,000	1,575,000

8.1 The Bank owns 100% shares in the Bakhtar Bank. This investment is shown at cost, the decline, if any, of the value of investment is considered to be temporary in nature, not requiring recognition in these financial statements. As a consequence of in principle permission secured by the bank for conversion to full-fledged Islamic bank on November 22, 2015, Bank had started the process of conversion as per letter no. 6786/6808 dated 26/10/1396 whereby the certain requirements were placed to be completed by Da Afghanistan Bank. Subsequently, bank had submitted the report on completion of the perquisites which could be finalized on interim basis to Da Afghanistan Bank on February 14, 2018. Currently bank is in the phase of system migration and license will be secured during 2018 after completion of all post-facto items required in the above mentioned letter, in the name of "Islamic Bank of Afghanistan".

9. INVESTMENT IN AFGHANISTAN PAYMENT SYSTEM

	Note	2017	2016
Investment in Afghanistan Payment System		17,458	16,708
	9.1	17,458	16,708

9.1 This represents 16.667% (2016: 16.667%) equity investment in Afghanistan Payment Systems (APS) incorporated as limited liability company with AISA on January 31, 2011. APS, a special purpose entity created with the support of World Bank and under special permission of Da Afghanistan Bank (DAB), was established to provide a non-cash domestic payments switch and related processing services to all the banks operating in Afghanistan and as such will benefit the banking industry as a whole. APS intends to support an electronic fund transfer platform for shared ATMs, creation of shared mobile banking infrastructure and the initiation of point of sale devices.

10. PROPERTY AND EQUIPMENT

	Land	Building - lease hold	Building	Office equipment	Furniture & fittings	IT equipment	Vehicles	ATM	Advance against capital commitments (Note 10.1)	Total
	AFN '000'									
<u>Gross carrying amount</u>										
Balance as at 01 January 2017	404,059	3,646	152,016	208,053	104,275	387,160	91,272	77,036	99,078	1,526,594
Additions	-	-	64,188	50,945	11,648	21,843	9,129	264	91,277	249,294
Disposal / Adjustment /Write Off	-	-	(19,256)	(9,502)	(8,822)	-	-	-		(37,580)
Balance at 31 December 2017	404,059	3,646	196,947	249,496	107,101	409,002	100,401	77,301	190,355	1,738,308
Balance as at 01 January 2016	404,059	3,646	148,066	188,362	92,869	349,519	81,441	21,450	104,659	1,394,070
Additions	-	-	3,950	27,761	11,406	37,641	10,658	55,587	-	147,001
Disposal / Adjustment /Write Off	-	-	-	(8,071)	-	-	(827)	-	(5,581)	(14,478)
Balance at 31 December 2016	404,059	3,646	152,016	208,053	104,275	387,160	91,272	77,036	99,078	1,526,594
<u>Depreciation</u>										
Balance as at 01 January 2017	-	1,387	46,262	157,587	57,718	346,599	78,909	22,262	-	710,725
Depreciation for the year	-	185	7,872	20,780	8,508	21,458	4,187	20,450	-	83,440
Impairment effect - reassessed useful life	-	-	(53,314)	-	-	-	-	-	-	(53,314)
Adjustment for disposals	-	-	-	(9,502)	(8,800)	-		-	-	(18,302)
Balance at 31 December 2017	-	1,573	821	168,865	57,426	368,057	83,096	42,712	-	722,549
Balance as at 01 January 2015	-	1,202	38,703	151,541	50,200	326,889	75,048	17,950	-	661,533
Depreciation for the year	-	185	7,559	14,117	7,517	19,710	4,688	4,312	-	58,090
Adjustment for disposals	-	-	-	(8,071)	-	-	(827)	-	-	(8,898)
Balance at 31 December 2015	-	1,387	46,262	157,587	57,718	346,599	78,909	22,262	-	710,725
<u>Carrying amounts</u>										
Balance at 31 December 2017	404,059	2,073	196,126	80,631	49,675	40,946	17,305	34,588	190,355	1,015,759
Balance at 31 December 2016	404,059	2,259	105,753	50,465	46,557	40,561	12,362	54,774	99,078	815,869
Depreciation rates	Nil	5%	5%	20%	5% - 20%	33.33%	15%	33.33%	Nil	

10.1 These are assets that have been acquired but not ready for use. Depreciation is not being charged on these assets.

11. INTANGIBLE ASSETS

	Purchased software	Goodwill	Total
	..............AFN '000'..............		
Gross carrying amount			
Balance as at January 01, 2017	**197,889**	**29,506**	**227,395**
Additions	**7,734**	**-**	**7,734**
Balance as at December 31, 2017	**205,623**	**29,506**	**235,129**
Balance as at January 01, 2016	178,557	29,506	208,063
Additions	19,332	-	19,332
Balance as at December 31, 2016	197,889	29,506	227,395
Amortization			
Balance as at January 01, 2017	**176,072**	**5,983**	**182,055**
Amortization during the year	**10,197**	**2,992**	**13,188**
Balance as at December 31, 2017	**186,268**	**8,974**	**195,243**
Balance as at January 01, 2016	170,827	2,983	173,810
Amortization during the year	5,245	3,000	8,245
Balance as at December 31, 2016	176,072	5,983	182,055
Carrying amount as at December 31, 2017	**19,355**	**20,532**	**39,886**
Carrying amount as at December 31, 2016	21,817	23,523	45,340

11.1 Purchased software has estimated useful life of 3 years and is being amortized at the rate of 33.33 %.

11.2 Goodwill represents the amount of purchase consideration paid to Punjab National Bank (PNB) - Kabul Branch amounting to USD 511,111 against the acquisition of fixed assets, deposits from banks and customers amounting to USD 24,429, Afn 4.015 Million and USD 33.294 Million respectively in concurrence with the Memorandum of Understanding dated July 21, 2014 between both the parties and with due approval of Da Afghanistan Bank vide letter no. 2273/2612 dated September 22, 2014. In the prior year in the absence of active share trading market management has decided to impaired the same @ 10.17% in ten year.

12. NON-CURRENT ASSETS HELD FOR SALE

		2017	2016
		.........AFN '000'.........	
Opening balance		**291,423**	-
Currency fluctuation		**7,528**	
Recognition during the year		**-**	291,423
Deletion - Property sold out		**(5,500)**	-
Total non-current assets held for sale	12.1	**293,451**	291,423

12.1 This represents the re-possessed assets classified as per the requirements of Article 11 and 12 of Assets Classification and Provisioning Regulations issued in the month of October 2017.

	2017	2016
	.........AFN '000'.........	
12.1.1 Non-current assets held for sale (AFN)	**121,790**	121,790
Non-current assets held for sale (USD)	**171,661**	169,633
	293,451	291,423

	Note	2017	2016
		......AFN '000'.....	

13. OTHER ASSETS

	Note	2017	2016
Accrued interest on capital notes		1,085	20,641
Accrued interest on Placement with other Banks		10,247	9,419
Restricted balance held with DAB	13.1	2,499,923	1,773,313
Receivable against sale of collateral		165,148	368,935
Security deposits	13.2	21,538	20,788
Advances to suppliers		8,522	6,865
Adjustable withholding tax with MoF		46,033	71,176
Prepayments		16,139	27,471
Cash shortages recoverable from staff		1,795	2,917
Inventory of prizes		16,520	16,520
Advances to staff and others	13.3	-	15,086
Receivable from Afghanistan Payment System		11,476	3,842
Mpaisa Imprest Account		10,680	13,456
Others		5,601	32,768
		2,814,706	2,383,196

13.1 Da Afghanistan Bank (DAB) made it mandatory vide their circular issued in July, 2017, that all Banks to maintain required reserve on all customer deposits accepted in local currency @8% & on all customer deposits accepted in Foreign Currency @10%.

13.2 Security Deposits

	2017	2016
Deposits with DAB against Currency Auction	1,500	1,500
CSC Bank	8,743	8,354
Western Union Bank	9,521	9,084
Roshan - against M.Paisa Imprest Account	1,775	1,850
	21,538	20,788

13.3 Advances to staff and others

	2017	2016
Gross amount	15,086	200,745
Less:- Allowances for impairment losses	-	-
Write off during the year	(15,086)	(185,659)
	-	15,086

14. DEPOSITS FROM BANKS

	2017	2016
Bank-e-Millie Afghan	1,862	1,810
Bakhtar Bank	185,883	3,575,846
Pashtany Bank	93	88
	187,837	3,577,744

	Note	2017	2016
15. DEPOSITS FROM CUSTOMERS		......AFN '000'.....	
Term deposits	15.1	1,819,600	1,400,064
Saving deposits		9,194,027	6,564,088
Current deposits		15,453,610	11,635,836
Margin deposits		4,579,355	3,939,813
		31,046,591	23,539,800

15.1 Term and saving deposits carry interest rates ranging from 1% to 4% (2016: 2.25% to 6%) per annum.

	Note	2017	2016
16. CURRENT TAX LIABILITY			
Opening for the year		-	-
Charged for the year		42,865	5,430
Adjustment / Paid during the year		(42,865)	(5,430)
Closing for the year	16.1	-	-

16.1 Current tax liability has been adjusted against the advance income tax.

	Note	2017	2016
17. OTHER LIABILITIES			
Withholding taxes payable		21,449	19,317
Remittances payable		14,866	12,019
Western Union outbound		56,917	23,091
Accrued interest on term deposits		29,702	81,598
Others		75,865	82,356
Provision against other assets and non-funded facilities	17.1	176,625	-
		375,424	218,380

17.1 This includes provision made against the other assets and time deposits @ 1% amounting to Afs. 22.198 Million and on non-funded facilities @ 1% amounting to Afs. 154.427 Million.

	2017	2016
18. SHARE CAPITAL		
Authorized capital		
750,000 (2016: 750,000) ordinary shares of AFN 10,000 each	7,500,000	7,500,000
Issued and paid capital		
536,740 (2016: 536,740) ordinary shares of AFN 10,000 each	5,367,400	5,367,400

18.1 Following is the reconciliation of amount of shares capital:

	2017	2016
Share capital at beginning of the year	5,367,400	5,367,400
Shares issued in cash during the year	-	-
Share capital at the end of the year	5,367,400	5,367,400

18.2 Following is the reconciliation of number of shares:

	.......No. of Shares.......	
Number of shares at beginning of the year	536,740	536,740
Shares issued during the year	-	-
Number of shares at end of the year	536,740	536,740

		2017	2016
		......AFN '000'.....	
19. NET INTEREST INCOME			
Interest income			
Cash and cash equivalents	19.1	**86,496**	75,363
Loans and advances to customers		**868,426**	1,327,163
Total interest income		**954,922**	1,402,526
Interest expense			
Deposits from banks		-	32,604
Deposits from customers	19.2	**607,829**	794,902
Total interest expense		**607,829**	827,506
Net interest income		**347,093**	575,020

19.1 This includes interest income amounting to AFN 51.886 million (2016: AFN 66.2 million) earned during the year from capital notes with Da Afghanistan Bank.

	2017	2016
	......AFN '000'.....	
19.2 Deposits from customers		
Interest on:		
Term deposits	**62,853**	46,772
Saving deposits	**544,976**	748,129
	607,829	794,902
20. NET FEE AND COMMISSION INCOME		
Fee and commission income		
Commission income	**1,107,842**	688,676
Account servicing fee	**245,064**	184,459
Total fee and commission income	**1,352,906**	873,135
Fee and commission expense		
Inter-bank transaction fees	**32,089**	83,510
Net fee and commission income	**1,320,817**	789,625

	Note	2017	2016
		..........AFN '000'..........	

21. EMPLOYEE BENEFIT EXPENSES

	Note	2017	2016
Salaries and wages		468,029	409,407
Staff welfare		48,759	44,364
Staff training expenses		1,611	2,389
		518,399	456,160

22. OTHER EXPENSES

	Note	2017	2016
Repair and maintenance		54,694	36,359
Travelling expense		71,879	60,006
Advertising and publicity		77,905	75,901
Printing and stationery		57,902	40,504
Communication		3,181	2,763
Internet and connectivity		34,134	28,826
Electricity and power		53,631	43,481
Office supplies		5,576	5,241
Security expenses		194,778	195,653
Legal and professional charges		98,715	60,749
Postage and courier		221	163
Software maintenance		34,579	30,295
Deposit insurance premium	22.1	67,804	55,535
Others		34,426	10,663
		789,425	646,139

22.1 This premium is paid to Afghanistan Deposit Insurance Corporation (ADIC) at the rate of 0.3% (2016: 0.23%) of total deposits as required by DAB.

23. TAXATION

	Note	2017	2016
Profit before tax		214,324	27,149
Current year tax @ 20%		42,865	5,430
		42,865	5,430

23.1 In the year 1390 Ministry of Finance (MoF) had started the tax audit for the year ended 2007 to 2009. Initial unfavorable report was delivered to the bank on 07-09-1390 . Resultantly bank had challenged the MoF Audit Report in the court of law on 22-10-1393 and consequently taken the favorable decision on 22-11-1393, which includes direction for re-auditing and the said MoF audit was concluded subsequent to the year end 2017. On 24-08-1396 bank had received report from MoF indicating the total tax liability and penalties of Afs. 219 Million after the audit and had subsequently deposited Afs. 78.200 Million in government treasury. Afterwards, management had written a letter to MoF for confirming the receipt of the amount excluding penalty amount, as according to principles of tax penalties, the taxpayers, which have not refined their tax penalties during the fiscal years of 1381 – 1396, can be paid with 5% of tax penalties and their treatment of 95% tax penalties will be exempted. This decision is available for 9 months for implementation. Hence owing to non-receipt of their confirmation yet the event has been considered as non-adjusting as per International Accounting Standard - 10 "Events after reporting period" for the reason the reliable estimate could not be made as per Para 25 of IAS - 37 "Provisions, Contingent liabilities and Contingent assets".

24. RELATED PARTIES

Parent and ultimate controlling party

Related parties comprise of Bakhtar Bank, Azizi Hotak Group Company Limited, Azizi investments, related group companies in which shareholders of the bank have ownership or management rights and includes all management personnel.

Subsidiary

The Bank owns 100% shares in Bakhtar Bank (2017: 100%).

Transactions with key management personnel and other related parties

Key management personnel and related parties have transacted with the Bank during the period as follows:

	2017		2016	
	Maximum balance	**Closing balance**	Maximum balance	Closing balance
	..........AFN '000'..........			
Short term loans to key management personnel	**3,102**	**3,102**	3,817	-
Deposits with Bakhtar Bank	**4,870,435**	**904,789**	5,036,374	4,986,327
Deposits from Bakhtar Bank	**4,583,595**	**185,883**	5,720,062	3,575,846
Purchased of vehicles' spare parts from related party	**-**	**-**	135	135

Interest on short term loans to key management personnel is charged at 6%, which is lower than the interest rate charged on other loans. Loans to related parties are secured against personal guarantees. No impairment losses have been recorded against balances outstanding with key management personnel and other related parties, and no specific allowance has been made for impairment losses on these balances at the year end. Key management personnel compensation comprised of short term employee benefits amounting to AFN 3.1 Million (2016: AFN 2.3 Million).

In addition to salaries and cash benefits, the Bank also provides non-cash benefits to executives which includes furnished accommodation, meals and travel equivalent to a sum of AFN 11.20 Million (2016:AFN 10.5 Million). Key management personnel includes the following:

Key management personnel compensation for the period comprised:

Chief Executive Officer
Deputy Chief Executive Officer
Chief Credit Officer
Chief Operations Officer
Chief Finance Officer
Chief Risk Officer
Chief Internal Auditor
Head Treasury
Head Delivery Channel

	2017	2016
	..........AFN '000'..........	

25. CONTINGENCIES AND COMMITMENTS

Contingencies

	2017	2016
Letter of Credit	-	158,071
Guarantees	**20,022,116**	12,952,198

Lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2017	2016
Less than one year	**92,434**	84,034
Between one to five years	**166,992**	165,007
Between five to twenty years	**29,229**	-
	288,655	249,041

The Bank leases a number of branch office premises under operating leases. The leases typically run for a period between one to five years, with an option to renew the lease after that period.

Credit Commitments

Unveiled limits of overdraft facility for the year ended was Afs. 598 Million. (2016:Afs. 1,738 Million)

26. FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of the Bank's financial assets and financial liabilities:

		At fair value through		At amortized cost using effective interest							
	Note	Held for trading	Designated at FVTPL	Held to maturity	Loans and receivables	Financial liabilities / Non funded arrangements	Available for sale financial assets	Equity investment at cost	Non - financial assets / liabilities	Total for line item	Fair value
		........................AFN '000'........................									
31 December 2017											
Cash and cash equivalents	5	-	-	-	19,858,653	-	-	-	-	19,858,653	19,858,653
Loans and advances to customers	6	-	-	-	7,852,453	-	-	-	-	7,852,453	7,852,453
Placements and Investment in capital notes	7	-	-	3,823,370	-	-	-	17,458	-	3,840,828	3,840,828
Other assets	13	-	-	-	2,730,615	-	-	-	84,091	2,814,706	2,814,706
		-	-	3,823,370	30,441,721	-	-	17,458	84,091	34,366,640	34,366,640
Deposits from Banks	14	-	-	-	-	187,837	-	-	-	187,837	187,837
Deposits from customers	15	-	-	-	-	31,046,591	-	-	-	31,046,591	31,046,591
Other liabilities	17	-	-	-	-	353,975	-	-	21,449	375,424	375,424
		-	-	-	-	31,588,403	-	-	21,449	31,609,852	31,609,852
Off Balance sheet items		-	-	-	-	20,022,116	-	-	-	20,022,116	20,022,116
31 December 2016											
Cash and cash equivalents	5	-	-	-	17,224,439	-	-	-	-	17,224,439	17,224,439
Loans and advances to customers	6	-	-	-	7,326,122	-	-	-	-	7,326,122	7,326,122
Investments	7	-	-	3,317,251	-	-	-	16,708	-	3,333,959	3,333,959
Other assets	13	-	-	-	2,274,713	-	-	-	108,483	2,383,196	2,383,196
		-	-	3,317,251	26,825,274	-	-	16,708	108,483	30,267,716	30,267,716
Deposits from Banks	14	-	-	-	-	3,577,744	-	-	-	3,577,744	3,577,744
Deposits from customers	15	-	-	-	-	23,539,800	-	-	-	23,539,800	23,539,800
Other liabilities	17	-	-	-	-	199,063	-	-	19,317	218,380	218,380
		-	-	-	-	27,316,608	-	-	19,317	27,335,924	27,335,924
Off Balance sheet items		-	-	-	-	7,141,513	-	-	167,010	7,308,523	7,308,523

The carrying values approximate fair values as mostly the assets and liabilities have short maturities and are expected to be recovered/settled at their carrying values.

27. FINANCIAL RISK MANAGEMENT

27.1 Introduction and overview

The Bank has exposure to the following risks from financial instruments:

a) credit risk;

b) liquidity risk; and

c) market risk.

This note presents information about Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Chief Risk Officer is independently and directly reporting to the Board of Supervisors. There is a separate RMD - Risk Management Department headed by the Chief Risk Officer. The Board of Supervisors has the overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established Management Board, Asset and Liability Committee (ALCO), a Credit Committee and a Risk Management committee which are responsible for developing and monitoring Bank's risk management policies in their specified areas. All committees report regularly to the Board of Supervisors on their activities. The Bank's Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's Audit Committee is assisted in these functions by the Internal Audit. In absence of Audit Committee, Board of Supervisors is responsible for this. The Audit Committee functioning since April 2012 and now reconstitute on December 16, 2015 as per new law of banking.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Bank is exposed are described below.

27.2 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Bank. The Bank is exposed to this risk mainly due to loans and advances, placements, current account and nostro account balances. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

Management of credit risk

The Board of Supervisors has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate Credit department has been established by the Bank that is responsible for oversight of the Bank's credit risk and is reporting to the Credit Committee. The Credit department is headed by Chief Credit Officer (CCO). CCO along with credit department staff looks after credit risk matters and conduct portfolio analysis for managing credit risk.

The Bank has established and maintained a sound loan portfolio in terms of well-defined credit policy approved by the Board of Supervisors. The credit evaluation system comprises of credit appraisal, sanctioning and review procedures for the purposes of emphasizing prudence in lending activities and ensuring the high quality of asset portfolio.

Exposure to credit risk

The Bank's maximum exposure to credit risk is the carrying amount of financial assets at the reporting date, as summarized below:

	2017	2016
	..........AFN '000'..........	
Classes of financial assets		
Cash equivalents	**14,580,138**	11,874,004
Loans and advances to customers	**7,852,453**	7,326,122
Other assets	**2,535,021**	1,846,201
	24,967,612	21,046,328

The Bank has issued financial guarantees contracts for which the maximum amount payable by the Bank, assuming all guarantees are called on, is AFN 20,022 million (2016: AFN 12,952 million).

As at balance sheet date, all the loan portfolio of the Bank are recoverable and all the assets which are past due are provided for as per DAB guidelines.

The Bank's management considers that all the above financial assets that are not impaired or past due for the reporting dates under review are of good credit quality. The credit risk for cash and cash equivalents comprising of capital notes, balances with other banks, nostro accounts and short term placements is considered negligible, since the counterparties are either the branches of banks with high quality external credit ratings or the central bank of Afghanistan.

Allowances for impairment

The Bank establishes an allowance for impairment losses on assets carried at amortized cost that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for the groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans that are considered individually insignificant as well as individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired. Given schedule details the allowance for different classes of non-performing loans.

Write-off policy

The Bank writes off loans or advances and any related allowances for impairment losses, when it meets criteria for loss category as required by DAB regulations. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Before allowing to written off, it is ensured that all possible avenues of recovery, inclusive of legal action are exhausted or legal action is not advisable or passed due for 481 days or more.

The Bank holds collateral against loans and advances to customers in the form of mortgage interest over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are updated as per the policy of the bank.

Concentration of credit risks by sector

The Bank monitors concentrations of credit risk by sector. An analysis of 32 sectors as per Da Afghanistan Bank regulation has been merged and disclosed as under at reporting date is as follows:

	Note	2017	2016
		.........AFN '000'.........	
Gross amount	6	8,607,096	8,892,837
Concentration by sector			
Construction		26,992	784,978
Food stuff		1,214,855	1,011,272
Lubricant, oil & gas		150,170	1,115,935
Textile		-	5,671
Services		1,781,748	1,478,818
Mortgage housing loans		107,282	912,599
Ground transportation		5,169	846,869
Manufacturing and production		498,541	460,259
Others		4,822,339	2,276,436
		8,607,096	8,892,837

Cash equivalents

The cash equivalents include AFN 3,451.549 Million (2016: AFN 6,406.75 Million) represents the Bank's maximum credit exposure on these assets which comprise of balances held with other banks.

27.3 Liquidity risk

Liquidity risk is the risk that the Bank will encounter in meeting obligations from its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Board ensures that the Bank has necessary tools and framework to cater the requirements of liquidity risk management and the Bank is capable to confronting uneven liquidity scenarios. The Bank's management is responsible for the implementation of sound policies and procedures keeping in view the strategic direction and risk appetite specified by the Board. Asset & Liability Committee (ALCO) is entrusted with the responsibility of managing the mismatch in maturities to ensure sufficient available cash flow to meet possible withdrawal of deposits, other commitment or challenges associated with sudden changes in market conditions, whilst enabling the Bank to pursue valued business opportunities. Management considers liquidity risk based on developing various liquidity scenarios.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquidity assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalent net of deposits from banks. A similar, but not identical, calculation is used to measure the Bank's compliance with the liquidity limit established by the Bank's regulator (Da Afghanistan Bank). Detail of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period was as follows:

	2017	2016
At 31 December	49%	55%
Average for the year	46%	47%
Maximum for the year	56%	71%
Minimum for the year	35%	42%

Maturity analysis for financial liabilities

	Note	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
		......	......	......	AFN '000'	......	......	......
December 31, 2017								
Deposits from Banks	14	187,837	187,837	-	185,883	1,955	-	-
Deposits from customers	15	31,046,591	31,046,591	15,453,610	9,194,027	6,398,955	-	-
Other liabilities	17	375,424	375,424	93,232	29,702	74,973	892	-
		31,609,852	31,609,852	15,546,842	9,409,612	6,475,882	892	-
December 31, 2016								
Deposits from Banks	14	3,577,744	3,577,744	-	3,575,846	1,898	-	-
Deposits from customers	15	23,539,800	23,539,800	11,635,836	6,564,088	5,339,877	-	-
Other liabilities	17	218,380	218,380	54,426	81,598	64,700	50,605	-
		27,335,924	27,335,924	11,690,262	10,221,532	5,406,475	50,605	-

27.4 Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Bank's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return on risk.

Management of market risks

Overall authority for market risk is vested in ALCO. The Bank's Assets and Liability Committee (ALCO) is responsible for the development of detailed risk management policies and day to day review of their implementation.

Exposure to interest rate risk

The Bank risk to which not-trading portfolios are exposed is the risk of loss from fluctuations in the future flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day to day monitoring activities. A summary of the Bank's interest rate gap position is as follows:

	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
		......AFN '000'......					
December 31, 2017							
Cash and cash equivalents	5	14,580,138	14,580,138	-	-	-	-
Loans and advances to customers (Gross)	6	8,607,096	-	8,499,813	107,283	-	-
Other assets	13	303,451	10,206	-	293,245	-	-
		23,490,685	14,590,344	8,499,813	400,528	-	-
Deposits from customers	15	11,013,627	1,797,612	327,528	8,742,919	145,568	-
		11,013,627	1,797,612	327,528	8,742,919	145,568	-
December 31, 2016							
Cash and cash equivalents	5	11,874,004	11,874,004	-	-	-	-
Loans and advances to customers (Gross)	6	8,892,837	-	7,970,112	-	922,725	-
Other assets	13	579,822	20,641	41,261	517,919	-	-
		21,346,663	11,894,645	8,011,373	517,919	922,725	-
Deposits from customers	15	7,964,152	1,306,628	252,012	6,293,507	112,005	-
		7,964,152	1,306,628	252,012	6,293,507	112,005	-

Exposure to currency risk

The Bank's exposure to foreign currency risk was as follows based on notional amounts.

		Total	AFN	USD	Euro	GBP	Other
		AFN '000'					
December 31, 2017							
Cash and cash equivalents	5	19,858,653	7,165,940	11,302,897	1,152,321	191,892	45,603
Loans and advances to customers (Gross)	6	8,607,096	3,378,458	5,228,638	-	-	-
Other assets	13	2,814,706	2,059,287	755,419	-	-	-
		31,280,455	12,603,685	17,286,954	1,152,321	191,892	-
Deposits from banks	14	187,837	125,794	56,484	5,559	-	-
Deposits from customers	15	31,046,591	14,583,765	15,600,589	791,065	71,172	-
Other liabilities	17	375,424	330,240	44,814	370	-	-
		31,609,852	15,039,799	15,701,887	796,994	71,172	-
December 31, 2016							
Cash and cash equivalents	5	17,224,439	5,307,801	11,342,921	462,290	88,078	23,348
Loans and advances to customers (Gross)	6	8,892,837	3,805,071	5,087,766	-	-	-
Other assets	13	2,383,196	1,917,057	466,139	-	-	-
		28,500,472	11,029,929	16,896,826	462,290	88,078	23,348
Deposits from banks	14	3,577,744	1,950,774	1,622,449	4,521	-	-
Deposits from customers	15	23,539,800	9,533,233	13,300,390	667,922	38,256	-
Other liabilities	17	218,380	67,190	151,152	37	-	-
		27,335,924	11,551,197	15,073,990	672,480	38,256	-
Net foreign currency exposure		1,164,548	(521,268)	1,822,836	(210,190)	49,822	-
Net foreign currency exposure		**(329,397)**	**(2,436,114)**	**1,585,067**	**355,327**	**120,720**	-

The following significant exchange rates have been applied during the period:

	.... 2017		.... 2016	
	Average rate	**Reporting date spot rate**	Average rate	Reporting date spot rate
	..................AFN '000'..................			
USD	**68.33**	**69.83**	62.58	66.83
Euro	**76.52**	**83.25**	70.32	69.79
GBP	**87.63**	**93.55**	85.83	81.70

Sensitivity analysis

A 10% strengthening of the Afghani, as indicated below, against the USD, and euro at 31 December 2017 would have increased (decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	.... 2017..........		.... 2016..........	
	Equity	**Profit or loss**	Equity	Profit or loss
	..................AFN '000'..................			
USD	**126,805**	**158,507**	145,827	182,284
Euro	**28,426**	**35,533**	(16,815)	(21,019)
GBP	**9,658**	**12,072**	3,986	4,982

A 10% weakening of the Afghani against the above currencies at 31 December 2017 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Foreign currency risks are mainly managed through matching of assets and liabilities denominated in foreign currency and are closely monitored for large gaps.

27.5 Capital management

Minimum Capital Requirement

Current requirement for minimum financial capital is AFN. 1 billion as per the requirements of DAB through its Circular Reference No. 703/904 dated August 08, 2010. The Bank's financial capital is Afn 5.367 billion (2016:A FN 5.367 billion).

Regulatory capital

The Bank's regulator Da Afghanistan Bank sets and monitors capital requirements for the Bank. The capital adequacy of the Bank is assessed in two tiers as per regulations of the Da Afghanistan Bank.

- Tier 1 or core capital, consisting of the highest quality capital elements that fully meet all the essential characteristics of capital; to be minimum 6% of risk weighted assets.

- Tier 2 or supplementary capital, which includes other instruments which, to a varying degree, fall short of the quality of Tier 1 capital, but nonetheless contribute to the overall strength of a bank as a going concern.

Regulatory capital is the sum of Tier 1 and Tier 2 capital and Tier 2 capital cannot exceed amount of Tier 1 capital. The Bank's regulatory capital position at 31 December 2017 was as follows:

	2017	2016
	..........AFN '000'..........	
Tier 1 capital		
Total equity capital	**5,830,883**	5,659,424
Less: Current year profit	**(171,459)**	(21,719)
Less: Intangible assets	**(39,886)**	(45,340)
Total tier 1 (core) capital	**5,619,538**	5,592,365
Tier 2 capital		
Add Current year (loss) / profit	**171,459**	21,719
Total tier 2 (supplementary) capital	**171,459**	21,719
Total regulatory capital	**5,790,997**	5,614,084

28. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. These rearrangements and reclassifications are not significant.

29. AUTHORIZATION

These financial statements were authorized for issue by the Board of Supervisors on 29 March, 2018.

Chairman	Chief Executive Officer	Chief Finance Officer