

Independent auditors' report to the Board of Supervisors

We have audited the accompanying financial statements of The First Microfinance Bank Afghanistan ("the Bank"), which comprise the statement of financial position as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the Banking Law of Afghanistan and regulations issued by the Central bank of Afghanistan and in compliance with disclosure guidelines for financial reporting by microfinance institutions which are voluntary norms recommended by a group of sponsors, including the donors who make up the Consultative Group to Assist the Poor (CGAP) and the members of the Small Enterprise Education and Promotion network (SEEP), 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as of 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the Banking Law of Afghanistan and regulations issued by the Central bank of Afghanistan and in compliance with disclosure guidelines for financial reporting by microfinance institutions which are voluntary norms recommended by a group of sponsors, including the donors who make up the Consultative Group to Assist the Poor (CGAP) and the members of the Small Enterprise Education and Promotion network (SEEP).

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Date: 7 May 2014
Place: Kabul, Afghanistan
Engagement partner: Muhammad Basheer Juma