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Independent Auditors' Report

Shareholders
The First MicroFinance Bank

We have audited the accompanying financial statements of the First MicroFinance Bank (the Bank), which comprise the statement of financial position as at 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2015, and notes, comprising 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 the accounting framework as stated in note 2 to the financial statements, 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in 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.

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KPMG Afghanistan Limited

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2015, and of its financial performance and its cash flows for the year ended 31 December 2015 in accordance with the accounting framework as stated in note 2 to the financial statements.

KPMG Afghanistan Limited
KPMG Afghanistan Limited
16 March 2016
Kabul

The First MicroFinance Bank
Statement of financial position
As at 31 December 2015

	Note	2015 AFN '000	2014 AFN '000
Assets			
Cash and cash equivalents	7	3,243,121	3,256,240
Placements	8	1,595,792	1,256,113
Loans and advances to customers	9	3,795,937	3,349,689
Operating fixed assets	10	141,721	38,964
Intangible assets	11	551	975
Other assets	12	579,762	509,319
Total assets		9,356,885	8,411,300
Liabilities			
Deposits from customers	13	4,992,027	4,280,380
Loans and borrowings	14	2,558,509	2,457,617
Income tax payable		26,483	13,683
Deferred tax liabilities-net	15	2,172	4,454
Deferred grants	16	9,231	2,203
Other liabilities	17	119,904	189,694
Total liabilities		7,708,326	6,948,031
Equity			
Share capital	18	796,008	796,008
Share premium	19	206,038	206,038
Retained earnings		646,514	461,223
Total equity attributable to equity holders of the Bank		1,648,560	1,463,269
Total liabilities and equity		9,356,885	8,411,300

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The annexed notes 1 to 31 are an integral part of these financial statements.


Chief Financial Officer


Acting Chief Executive Officer


Chairman

The First MicroFinance Bank

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2015

	Note	2015 AFN '000	2014 AFN '000
Interest income	21	1,024,578	1,002,245
Interest expense	21	(152,451)	(187,839)
Net interest income		872,127	814,406
Fee and commission income	22	83,387	80,246
Fee and commission expense	22	(30,367)	(33,440)
Net fee and commission income		53,020	46,806
Other revenue	23	196,677	145,632
Revenue		1,121,824	1,006,844
Other income	24	9,339	1,298
Net impairment loss on financial assets	9.2	(48,469)	(82,396)
Impairment loss on placements	7 & 8	(12,990)	-
Personnel expenses		(500,373)	(468,903)
Depreciation and amortisation	10.2.2	(19,902)	(18,143)
Other expenses	25	(309,603)	(290,463)
Net operating income		239,827	148,237
Non-operating revenue and expenses:			
Grants income recognized against deferred grant	16	16,022	4,253
Grants income recognized on expenditures in advance		6,668	-
Expenditure against grants	26	(22,690)	(4,253)
		-	-
Profit before tax		239,827	148,237
Income tax expense		(54,536)	(31,961)
Profit		185,291	116,276
Other comprehensive income		-	-
Total comprehensive income		185,291	116,276
Earnings per share	27	2.10	1.32

The annexed notes 1 to 31 are an integral part of these financial statements.


Chief Financial Officer


Acting Chief Executive Officer


Chairman

The First MicroFinance Bank
Statement of changes in equity
For the year ended 31 December 2015

	Capital	Premium on capital	Retained earnings	Total equity
	-----AFN '000-----			
Balance at 01 January 2014	796,008	206,038	344,947	1,346,993
Total comprehensive income				
Profit	-	-	116,276	116,276
Balance at 31 December 2014	<u>796,008</u>	<u>206,038</u>	<u>461,223</u>	<u>1,463,269</u>
Total comprehensive income				
Profit	-	-	185,291	185,291
Balance at 31 December 2015	<u><u>796,008</u></u>	<u><u>206,038</u></u>	<u><u>646,514</u></u>	<u><u>1,648,560</u></u>

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The annexed notes 1 to 31 are an integral part of these financial statements.


Chief Financial Officer


Acting Chief Executive Officer



Chairman

The First MicroFinance Bank
Statement of cash flows
For the year ended 31 December 2015


	Note	2015 AFN '000	2014 AFN '000
Cash flows from operating activities			
Profit		185,291	116,276
Adjustments for:			
Depreciation and amortisation	10	20,620	18,981
Net impairment loss on financial assets	9.2	48,469	82,396
General provision held on placements	8.3	684	-
Net interest income	21	(872,127)	(814,406)
Loss on sale of property and equipment		77	43
Recognition of previously written off vehicles		(9,416)	-
Foreign exchange gain		(2,004)	(7,664)
Grant income		(16,022)	(4,253)
Tax expense		54,536	31,961
		(589,892)	(576,666)
Changes in:			
Loans and advances to customers		(494,717)	551,281
Other assets		(51,314)	69,347
Deposits from banks		-	(300,000)
Deposits from customers		711,647	(690,798)
Other liabilities		(69,789)	(92,500)
		(494,066)	(1,039,337)
Interest received		1,010,160	1,000,777
Interest paid		(148,025)	(180,755)
Income tax paid		(44,018)	(44,607)
Grant received		27,387	7,864
Net cash from / (used in) operating activities		351,438	(256,058)
Cash flows from investing activities			
Acquisition of property and equipment	10	(122,910)	(15,851)
Proceeds from sale of property and equipment		243	158
Investment in placements-net	8	(340,363)	(914,408)
Net cash used in investing activities		(463,029)	(930,101)
Cash flows from financing activities			
Proceeds from loans and borrowings		149,194	-
Repayment of loans and borrowings		(52,725)	(111,313)
Net cash flows from / (used in) financing activities		96,468	(111,313)
Net decrease in cash and cash equivalents		(15,123)	(1,297,471)
Cash and cash equivalents at 01 January		3,256,240	4,546,047
Effect of foreign currency exchange gain on cash and cash equivalents		2,004	7,664
Cash and cash equivalents at 31 December	7	3,243,121	3,256,240

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The annexed notes 1 to 31 are an integral part of these financial statements.


Chief Financial Officer


Acting Chief Executive Officer


Chairman