



Building a better
world

Afghanistan International Bank - AIB
Condensed interim financial information (Un-audited)
For the period ended 30 September 2017

Independent auditor's review report

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
House 1013, Street 2
Shirpoor Road, Kabul
Afghanistan
Office: +93 752 055 025
Cell: +93 778593627
basheer.juma@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Afghanistan International Bank** (the Bank) as at **30 September 2017** and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the nine months then ended, and notes to the condensed interim financial information ('here-in-after referred to as the 'condensed interim financial information'). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the requirements of the Law of Banking in Afghanistan and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with the requirements of Law of Banking in Afghanistan and International Accounting Standard 34 "Interim Financial Reporting".


Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: 14 November 2017

Kabul, Afghanistan

AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 30 SEPTEMBER 2017

	Note	30 September 2017 (Un-audited) AFN '000'	31 December 2016 (Audited) AFN '000'
ASSETS			
Cash and balances with Da Afghanistan Bank	4	16,874,630	10,452,572
Balances with other banks	5	8,193,968	6,606,085
Placements - net	6	13,895,169	19,313,157
Investments - net	7	14,638,146	14,382,579
Loans and advances to customers - net	8	3,314,073	3,729,388
Receivable from financial institutions		731,927	522,484
Operating fixed assets	9	2,434,840	1,625,342
Intangible assets		478,797	527,457
Deferred tax assets		19,500	21,440
Other assets	10	828,104	1,007,100
Total assets		61,409,155	58,187,604
LIABILITIES			
Deposits from customers	11	56,567,955	54,077,642
Deposits from banks		500,000	-
Deferred income		11,905	15,824
Other liabilities		426,988	193,068
Total liabilities		57,506,848	54,286,534
EQUITY			
Share capital	12	1,465,071	1,465,071
Capital reserves		237,546	218,600
Retained earnings		2,165,316	2,211,835
Surplus on revaluation of available for sale investments - net		34,372	5,564
Total equity		3,902,305	3,901,070
Total liabilities and equity		61,409,155	58,187,604
Contingencies and commitments	13		

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



Chief Executive Officer



Chief Financial Officer

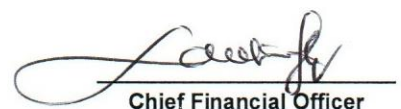
AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2017

	Note	Nine months ended		Three months ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
		(Un-audited)	Restated (Un-audited)	(Un-audited)	Restated (Un-audited)
		AFN '000'		AFN '000'	
Interest income	14	840,800	967,037	266,631	331,549
Interest expense		(41,091)	(6,806)	(15,644)	(2,239)
Net interest income		799,709	960,231	250,987	329,310
Fee and commission income		667,121	581,116	228,230	189,153
Fee and commission expense		(33,518)	(576)	(13,603)	-
Net fee and commission income		633,603	580,540	214,627	189,153
Income from dealing in foreign currencies		125,794	100,335	43,786	27,943
		1,559,106	1,641,106	509,400	546,407
Other income		23,101	22,250	8,717	3,728
Gain / (loss) on sale of securities		20,824	(2,981)	16,968	(153)
Reversal of provision on placements	6.2	54,813	2,707	60,635	4,918
Provision on investments	7	(61,715)	(8,347)	(62,202)	(5,586)
Provision against loan losses	8.1	2,157	(60,075)	30,215	(31,265)
General and administrative expenses		(1,133,314)	(1,167,782)	(403,966)	(389,005)
PROFIT BEFORE INCOME TAX		464,972	426,878	159,767	129,044
Taxation	15	(86,045)	(87,956)	(146,367)	(26,281)
PROFIT FOR THE PERIOD		378,927	338,922	13,400	102,763
OTHER COMPREHENSIVE INCOME					
Items that may be classified to profit and loss subsequently					
Net change in fair value of available for sale investments		36,010	138,653	(15,127)	48,146
Related tax		(7,202)	(27,731)	3,025	(9,629)
Other comprehensive income / (loss), net of tax		28,808	110,922	(12,102)	38,517
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		407,735	449,844	1,298	141,280
Earnings per share		13.59	14.99	0.04	4.71

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



Chief Executive Officer




Chief Financial Officer

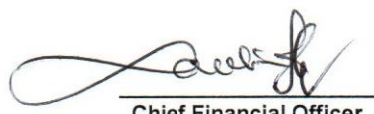
AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2017

	Share capital	Surplus on revaluation of available for sale	Capital Reserve	Retained Earnings	Total
	----- AFN '000' -----				
Balance as at 01 January 2016 - restated (Audited)	1,465,071	(23,296)	194,455	1,784,857	3,421,087
Profit for the period - restated	-	-	-	338,922	338,922
Transferred to capital reserve	-	-	16,946	(16,946)	-
Total comprehensive income:					
Other comprehensive income for nine months	-	138,653	-	-	138,653
Related tax	-	(27,731)	-	-	(27,731)
Total comprehensive income net of tax	-	110,922	16,946	321,976	449,844
Balance as at 30 September 2016 - (Un-audited)	<u>1,465,071</u>	<u>87,626</u>	<u>211,401</u>	<u>2,106,833</u>	<u>3,870,931</u>
Balance as at 01 January 2017 - (Audited)	1,465,071	5,564	<u>218,600</u>	2,211,835	3,901,070
Profit for the period	-	-	-	378,927	378,927
Transferred to capital reserve	-	-	18,946	(18,946)	-
Total comprehensive income:					
Other comprehensive income for nine months	-	36,010	-	-	36,010
Related tax	-	(7,202)	-	-	(7,202)
Total comprehensive income net of tax	-	28,808	18,946	359,981	407,735
Dividend paid	-	-	-	(406,500)	(406,500)
Balance as at 30 September 2017 - (Un-audited)	<u>1,465,071</u>	<u>34,372</u>	<u>237,546</u>	<u>2,165,316</u>	<u>3,902,305</u>

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



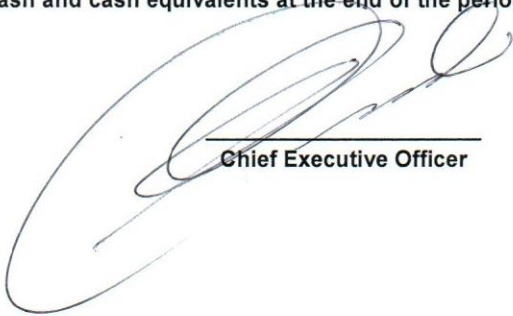
Chief Executive Officer



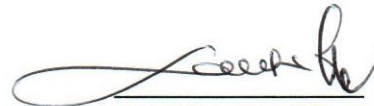
Chief Financial Officer

AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2017

	Note	Nine months ended 30 September 2017	Nine months ended 30 September 2016
		(Un-audited) AFN '000'	Restated (Un-audited) AFN '000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		378,927	338,922
Adjustments for:			
Provision against loans and advances	8.1	(2,157)	60,075
Depreciation	9.2	23,870	25,994
Amortization		74,863	46,284
Reversal of provision on placements		(54,813)	(2,707)
Provision on investments		61,715	8,347
Effect of exchange rate fluctuation on cash held		-	8,422
Net interest income		(799,709)	(960,231)
Income tax expense	15	86,045	87,956
		<u>(231,259)</u>	<u>(386,938)</u>
Changes in operating assets and liabilities			
Receivable from financial institutions		(209,443)	(16,381)
Required reserve maintained with DAB		(1,534,361)	35,151
Cash margin held with other banks		(7,063)	15,587
Loans and advances to customers - net		417,472	78,145
Other assets		223,324	(117,375)
Deferred income		(3,919)	(12,798)
Deposits from customers		2,490,313	(2,268,741)
Deposits from banks		500,000	-
Other liabilities		233,920	275,904
		<u>1,878,984</u>	<u>(2,397,446)</u>
Interest received		881,655	914,656
Interest paid		(41,091)	(6,806)
Income tax paid		(176,492)	(48,100)
Net cash from / (used in) operating activities		<u>2,543,056</u>	<u>(1,537,696)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital work in progress	9.1.1	(791,529)	(273,641)
Acquisition of operating fixed assets	9.2	(41,839)	(46,281)
Acquisition of intangible assets		(26,203)	(3,608)
Placements (with maturity more than three months)		9,946,575	(3,695,078)
Investments		(281,272)	(492,212)
Net cash from / (used in) investing activities		<u>8,805,734</u>	<u>(4,510,820)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(406,500)	-
Net cash used financing activities		<u>(406,500)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		10,942,290	(6,048,516)
Cash and cash equivalents at the beginning of the period		18,458,977	28,171,171
Effect of exchange rate changes on cash and cash equivalents		-	(204,349)
Cash and cash equivalents at the end of the period	17	<u>29,401,267</u>	<u>21,918,306</u>



Chief Executive Officer



Chief Financial Officer

AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2017

1. STATUS AND NATURE OF BUSINESS

Afghanistan International Bank (the Bank) was registered with Afghan Investment Support Agency (AISA) on 27 December 2003 and on 22 March 2004 received formal commercial banking license from Da Afghanistan Bank (DAB), the central bank in Afghanistan, to operate nationwide. The Bank obtained Islamic banking license from DAB via letter no. 1863/1890 dated 21 July 2014 (31/04/1393).

The Bank initially was incorporated as a limited liability company and domiciled in Afghanistan, however on the basis that the Bank capital is divided into shares the status of the bank is changed from limited liability to Corporation under the Corporations and Limited Liability Companies Law, this status is effective from 04 May 2016. The principal business place of the Bank is at AIB Head Office, Shahr-e-Now, Haji Yaqoob Square, Shahabuddin Watt, Kabul, Afghanistan.

The Bank has been operating as one of the leading commercial banking service providers in Afghanistan. The Bank has 36 branches and 4 cash outlets (2016: 35 branches and 4 cash outlets).

2. BASIS OF PREPARATION AND MEASUREMENT

2.1 This condensed interim financial information of the Bank for the nine months period ended 30 September 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and the Law of Banking in Afghanistan. In case where requirements differ, the requirement of the Law of Banking in Afghanistan takes precedence.

2.2 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2016.

Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2017 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim financial information.

3. ACCOUNTING POLICIES

3.1 The accounting policies adopted in preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the bank for the year ended 31 December 2016.

3.2 The estimates/judgments assumptions used in the preparation of this condensed interim financial information is consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2016.

	30 September 2017 (Un-audited) AFN '000'	31 December 2016 (Audited) AFN '000'
4. CASH AND BALANCES WITH DA AFGHANISTAN BANK		
Cash in hand	1,282,852	1,357,027
Cash in hand - Islamic banking division	72,588	76,114
Cash at Automated Teller Machines (ATMs)	646,958	545,278
	2,002,398	1,978,419
Balances with Da Afghanistan Bank:		
Local currency:		
- Deposit facility account	4.1 3,583,060	1,050,902
- Required reserve account	4.2 604,539	4,185,981
- Current accounts	1,127,861	300,329
	5,315,460	5,537,212
Foreign currency:		
- Required reserve account	5,115,803	-
- Current accounts	4,440,969	2,936,941
	14,872,232	8,474,153
	16,874,630	10,452,572

- 4.1 This represents interest bearing account carrying interest @ 0.80% (31 December 2016: 0.80%) per annum.
- 4.2 Required reserve account is being maintained with DAB which is denominated in AFN to meet minimum reserve requirement in accordance with Article 3 "Required Reserves Regulation" of the Banking Regulations issued by DAB. These balances are interest free.

	Note	30 September 2017 (Un-audited) AFN '000'	31 December 2016 (Audited) AFN '000'
5. BALANCES WITH OTHER BANKS			
Outside Afghanistan:			
With Standard Chartered Bank	5.1	6,216,428	4,522,106
With Commerzbank, Germany			
- in nostro accounts	5.2	14,384	143,282
- as cash margins held	5.3	100,466	93,403
With other banks	5.4	1,862,690	1,847,294
		<u>8,193,968</u>	<u>6,606,085</u>

- 5.1 These represent balances with Standard Chartered Bank, Singapore which carry interest @ 0.20% (31 December 2016: 0.20%) per annum and are available on demand.
- 5.2 This represents interest bearing nostro accounts and carries interest @ LIBOR – 0.25% (31 December 2016: LIBOR – 0.25%) per annum.
- 5.3 This represents balance held with Commerzbank, Germany against letters of credit issued on behalf of the Bank carrying interest @ LIBOR – 0.25% (31 December 2016: LIBOR – 0.25%) per annum.
- 5.4 This includes balances maintained with investment managers Julius Baer and Emirates NBD and other banks. These are non-interest bearing and available on demand.

	Note	30 September 2017 (Un-audited) AFN '000'	31 December 2016 (Audited) AFN '000'
6. PLACEMENTS - NET			
Short-term placements with banks	6.1	14,005,065	19,477,866
General provision held	6.2	(109,896)	(164,709)
		<u>13,895,169</u>	<u>19,313,157</u>

- 6.1 These represent overnight and fixed term placements with financial institutions outside Afghanistan up to a maximum period of one year in USD carrying interest at rates ranging from 0.75% to 2.30% (31 December 2016: 0.40% to 1.75%) per annum.
- 6.2 General provision of 1% (31 December 2016: 1%) is maintained on placements with maturity of more than 30 days based on DAB requirement to cover the counter party and market risk.

7. INVESTMENTS - NET	Note	30 September 2017	31 December 2016
		(Un-audited) AFN '000'	(Audited) AFN '000'
Available for sale investments:			
- Investment bonds		3,970,888	4,351,290
- Investment in money market fund		694,859	679,702
		4,665,747	5,030,992
Held-to-maturity investments:			
- Capital notes with DAB		1,772,764	1,520,054
- Investment bonds		8,322,570	7,892,752
		10,095,334	9,412,807
General provision held		(122,935)	(61,220)
		14,638,146	14,382,579
8. LOANS AND ADVANCES TO CUSTOMERS - NET			
Overdrafts		3,141,203	3,489,206
Term loans		230,257	343,016
Consumer loans		54,105	44,226
		3,425,565	3,876,448
Provision against loans and advances	8.1	(111,492)	(147,060)
		3,314,073	3,729,388
Particulars of advances (gross)			
Short term (for up to one year)		2,933,512	3,101,287
Non-current (for over one year)		492,053	775,161
		3,425,565	3,876,448

8.1 Provision against loans and advances

	30 September 2017			31 December 2016		
	Specific	General (Un-audited) AFN '000'	Total	Specific	General (Audited) AFN '000'	Total
Opening balance	37,304	109,756	147,060	140,982	41,623	182,605
Charge for the period / year	49,515	11,333	60,848	38,939	77,022	115,961
Reversal of provision	(4,024)	(58,981)	(63,005)	(28,198)	(7,945)	(36,143)
	45,491	(47,648)	(2,157)	10,741	69,077	79,818
Written off against provision (note 8.1.1)	(36,511)	-	(36,511)	(111,055)	-	(111,055)
Exchange rate difference	830	2,270	3,100	(3,364)	(944)	(4,308)
Closing balance	47,114	64,378	111,492	37,304	109,756	147,060

8.1.1 These represent 'loss' category loan balances overdue by more than 360 days which have been written off in accordance with the policy of the Bank.

In terms of paragraph 3.3.1(g) of part C of the DAB Regulations, the write-off does not affect the Bank's rights to recover the debt due from customers and does not eliminate the borrowers' responsibility to repay the loan.

8.2 Classification of loans and advances

Classification	30 September 2017 (Un-audited)			
	*Provisioning rates	Amount outstanding	Provision required AFN '000'	Provision held
Standard	1%	3,227,645	32,276	64,553
Watch-list	5%	108,158	5,408	3,320
Substandard	25%	808	202	202
Doubtful	50%	88,954	44,477	43,417
Loss	100%	10	10	10
Write offs		(10)	(10)	(10)
		-	-	-
Loans and advances and provision held - 30 September 2017		3,425,565	82,363	111,492

Classification	31 December 2016			
	*Provisioning rates	Amount outstanding	Provision required AFN '000'	Provision held
Standard	1.00%	3,677,294	36,773	109,756
Watch-list	5%	117,344	5,317	5,317
Substandard	25%	2,301	564	564
Doubtful	50%	79,509	24,507	31,423
Loss	100%	22	22	22
Write offs		(22)	(22)	(22)
		-	-	-
Loans and advances and provision held - 31 December 2016		<u>3,876,448</u>	<u>67,161</u>	<u>147,060</u>

* Provisioning rates are as per DAB Regulations except for in case of standard loans and advances which are provided by the Bank as per Bank's policy.

	Note	30 September 2017 (Un-audited) AFN '000'	31 December 2016 (Audited) AFN '000'
9. OPERATING FIXED ASSETS			
Capital work-in-progress	9.1	<u>2,153,696</u>	1,362,167
Operating fixed assets	9.2	<u>281,144</u>	263,175
		<u>2,434,840</u>	<u>1,625,342</u>
9.1 Capital work-in-progress			
Advances to suppliers and contractors	9.1.1	<u>2,153,696</u>	<u>1,362,167</u>
9.1.1 Movement in capital work-in-progress			
Opening balance		1,362,167	799,377
Additions during the period / year		<u>791,529</u>	562,790
Closing balance		<u>2,153,696</u>	<u>1,362,167</u>
9.2 Operating fixed assets - movement			
Opening balance (Audited):			
Cost		727,695	661,808
Accumulated depreciation		<u>(464,520)</u>	<u>(413,868)</u>
Net book amount		<u>263,175</u>	<u>247,940</u>
Movement during the period / year:			
Additions		41,839	65,887
Depreciation charge		<u>(23,870)</u>	<u>(50,652)</u>
		<u>17,969</u>	<u>15,235</u>
Cost		769,534	727,695
Accumulated depreciation		<u>(488,390)</u>	<u>(464,520)</u>
Net book amount		<u>281,144</u>	<u>263,175</u>

		30 September 2017 (Un-audited) AFN '000'	31 December 2016 (Audited) AFN '000'
10. OTHER ASSETS	Note		
Advance to employees		43,278	15,734
Advance income tax - net		266,923	181,739
Security deposits		9,759	8,859
Prepayments		69,611	88,525
Interest receivable		280,670	321,525
Other receivable and advances		157,863	390,718
Department, Department of Justice		250,605	250,605
Less: Balance written off		(250,605)	(250,605)
		<u>828,104</u>	<u>1,007,100</u>
11. DEPOSITS FROM CUSTOMERS			
Current deposits		53,576,997	51,180,050
Saving deposits	11.1	196,367	151,699
Term deposits	11.2	1,069,462	1,091,490
Islamic deposits	11.3	577,493	364,619
Cash margin held against bank guarantees and letters of credit		1,147,636	1,289,784
		<u>56,567,955</u>	<u>54,077,642</u>
11.1	Saving deposits carry interest rate at 3% (31 December 2016: 3%) per annum.		
11.2	Term deposits carry interest rates ranging from 0.25% to 0.75% (31 December 2016: 0.25% to 0.75%) per annum.		
11.3	Current, saving and term deposits stand at AFN 94,138,634, AFN 431,777,280 and AFN 51,577,433 respectively.		
12. SHARE CAPITAL			
30,000,000 (2016: 30,000,000) authorized ordinary shares of USD 1 each	USD	30,000	30,000
	AFN	<u>1,465,071</u>	<u>1,465,071</u>
Issued, subscribed and paid-up 30,000,000 (2016: 30,000,000) ordinary shares of USD 1 each fully paid in cash	AFN	<u>1,465,071</u>	<u>1,465,071</u>
Issued, subscribed and paid up capital comprises of 50% (31 December 2016: 50%) holdings by Horizon Associates LLC and 50% (31 December 2016: 50%) holding by Wilton Holdings Limited.			
		30 September 2017 (Un-audited) AFN '000'	31 December 2016 (Audited) AFN '000'
13. CONTINGENCIES AND COMMITMENTS			
13.1 Contingencies			
13.1.1 Guarantees		<u>6,124,651</u>	<u>3,404,690</u>
These represent bid bonds and performance based guarantees issued by the Bank.			
13.2 Commitments			
(a) Undrawn loan and overdraft facilities		604,159	848,222
(b) Commercial letters of credit		70,071	149,945
		<u>674,230</u>	<u>998,167</u>

	Three months ended			
	30 September 2017 (Un-audited) AFN '000'	30 September 2016 (Un-audited) AFN '000'	30 September 2017 (Un-audited) AFN '000'	30 September 2016 (Un-audited) AFN '000'
14. INTEREST INCOME				
Interest income on:				
Balances with DAB and other banks	7,200	9,634	4,459	3,159
Placements	209,597	158,913	61,819	62,248
Investments	284,906	465,655	87,775	160,143
Loans and advances to customers	339,097	332,835	112,578	105,999
	<u>840,800</u>	<u>967,037</u>	<u>266,631</u>	<u>331,549</u>
15. TAXATION - NET				
Current (Note 15.1)	91,308	84,143	139,513	20,959
Deferred	(5,263)	3,813	6,854	5,322
	<u>86,045</u>	<u>87,956</u>	<u>146,367</u>	<u>26,281</u>

- 15.1 During the period, Ministry of Finance has finalized the tax assessment of prior years and demanded an additional tax of AFN 156.5 million. The management has accounted for AFN 78.3 million to tax expense account and recorded the remaining balance as advance tax. Based on the tax consultant opinion, the management is confident that the amount accounted for as an advance tax will be refunded to the Bank.

16. RELATED PARTY TRANSACTIONS

The Bank has a related party relationship with its shareholders, their related entities, directors and key management personnel. The Bank had transactions with following related parties at mutually agreed terms during the period / year:

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	30 September 2017 (Un-audited) AFN '000	31 December 2016 (Audited) AFN '000	30 September 2017 (Un-audited) AFN '000	31 December 2016 (Audited) AFN '000
(a) Loans and advances to related parties				
Loans outstanding at the beginning of the period / year	-	-	177,559	213,750
Loans issued during the period / year	32,548	-	124,461	410,379
Loans repayments during the period / year	(7,712)	-	(62,398)	(454,565)
Exchange (loss) / gain	-	-	274	7,995
Loans outstanding at the end of the period / year	<u>24,836</u>	<u>-</u>	<u>239,896</u>	<u>177,559</u>
Interest income earned	<u>-</u>	<u>-</u>	<u>19,915</u>	<u>36,710</u>

During the period, an amount of AFN 256,670,961 (31 December 2016: 142,646,860) was paid to Mohib Advance Design Construction Company (related party) on account of contract awarded to them for the construction of Head Office building.

General provision on outstanding balances of loans and advances to related parties amounts to AFN 541 thousands (31 December 2016: AFN 5,327 thousands).

The facilities provided to related parties carries mark-up at interest rates from 10% to 15% (31 December 2016: 10%) per annum payable on monthly basis and are secured against mortgage of residential property and personal guarantees of directors and representative of shareholders of the Bank.

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	AFN '000	AFN '000	AFN '000	AFN '000
(b) Deposits from related parties				
Deposits at the beginning of the period / year	57,402	87,051	107,434	154,206
Deposits received during the period / year	206,771	411,590	1,441,748	1,509,946
Deposits repaid during the period / year	(226,062)	(439,765)	(1,508,811)	(1,553,423)
Exchange rate difference	375	(1,474)	1,991	(3,295)
Deposits at the end of the period / year	<u>38,486</u>	<u>57,402</u>	<u>42,362</u>	<u>107,434</u>

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	Nine months ended		Nine months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	AFN '000	AFN '000	AFN '000	AFN '000
(c) Other related party transactions				
Fee and commission income	-	-	9,817	2,613
Directors fee	17,018	8,483	-	-
Rental expenses	-	-	5,754	5,586
Other expenses	-	6,688	-	-
Capital work-in-progress	-	-	552,935	273,641
Guarantees issued by the Bank	-	-	-	333
Commercial Letters of credit issued including accepted bills and export bills purchased	-	-	375,317	84,423
			<u>118,042</u>	<u>60,790</u>
			<u>118,042</u>	<u>60,790</u>
(d) Key management compensation				
Salaries and other short-term benefits			<u>118,042</u>	<u>60,790</u>

Key management personnel of the Bank include the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Head of retail banking, Chief Risk Officer and Head of Commercial Banking.

17. CASH AND CASH EQUIVALENTS	Nine months ended 30 September 2017	Nine months ended 30 September 2016
	(Un-audited)	(Un-audited)
	AFN '000'	AFN '000'
Cash in hand and at ATM	2,002,398	2,510,620
Balances with DAB (other than minimum reserve requirement)	9,151,889	5,052,531
Balances with other banks (other than held as a cash margin)	8,093,502	8,444,855
Placements (with maturity less than three months)	<u>10,153,478</u>	<u>5,910,300</u>
	<u>29,401,267</u>	<u>21,918,306</u>

18. Fair value of financial assets and financial liabilities

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(a) Financial instruments measured at fair value using a valuation technique

The table below analyses financial instruments carried at fair value, by valuation method. The various fair value levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 AFN '000	Level 2 AFN '000	Level 3 AFN '000
Investments in bonds - available for sale investments	-	4,665,747	-
As at 30 September 2017 - Un-audited	-	4,665,747	-
As at 31 December 2016- Audited	-	5,030,992	-

Valuation technique and key inputs used for investments in bonds were quoted market bid price in active market.

There were no transfers made among various levels of fair value hierarchy during the year.

(b) Financial instruments not measured at fair value

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities which are presented on the Bank's statement of financial position at value other than fair value.

	Carrying Value		Fair Value	
	30 September 2017 (Un-audited) AFN '000	31 December 2016 (Audited) AFN '000	30 September 2017 (Un-audited) AFN '000	31 December 2016 (Audited) AFN '000
Financial assets				
Cash and balances with Da Afghanistan Bank	16,874,630	10,452,572	16,874,630	10,452,572
Balances with other banks	8,193,968	6,606,085	8,193,968	6,606,085
Placements - net	13,895,169	19,313,157	13,895,169	19,313,157
Investments - net	9,972,399	9,351,587	9,972,399	9,351,587
Loans and advances to customers - net	3,314,073	3,729,388	3,314,073	3,729,388
Receivables from financial institutions	731,927	522,484	731,927	522,484
Advance to staff, Security deposits, Interest receivable and other receivables - net	491,571	736,836	491,571	736,836
Financial liabilities				
Deposits from customers	56,567,955	54,077,642	56,567,955	54,077,642
Deposits from banks	500,000	-	500,000	-
Other liabilities	426,988	193,068	426,988	193,068
Off-balance sheet financial instruments				
Bank's guarantees	6,124,651	3,404,690	6,124,651	3,404,690
Bank's commitments	674,230	998,167	674,230	998,167

The carrying values of these financial assets and liabilities approximates their fair values as at the date of statement of financial position.

(i) Investments:

These include investment bonds classified as held-to-maturity which are measured at amortised cost. The fair value of these investments is equal to the carrying amount.

(ii) Loans and advances, other assets and other financial liabilities

Fair value of loans and advances, security deposits and other receivables and all the financial liabilities cannot be calculated with sufficient reliability due to absence of current and active market for such assets and reliable data regarding market rates for similar instruments, so its carrying amount is its fair value. The provision for loans and advances has been calculated in accordance with the Bank's policy and regulations issued by DAB.

(iii) Off-balance sheet financial instruments

The fair value of the off-balance sheet financial instruments is equal to the carrying amounts.

19. GENERAL

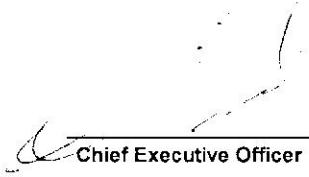
19.1 Corresponding figures have been restated to incorporate the impact of prior year adjustment recognized and disclosed in note 33 to annual financial statements for the year ended December 31, 2016.

19.2 The figures in this condensed interim financial information have been rounded off to the nearest thousands.

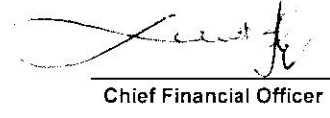
20. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Supervisors of the Bank on

_____.



Chief Executive Officer



Chief Financial Officer