

Afghanistan International Bank – condensed interim financial statements and auditors’ review report

For the 2nd quarter ended 30 June 2019



Contents

- 1. Auditors’ Review Report**
- 2. Condensed Interim Financial Statements**



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Report on Review of Condensed Interim Financial Statements to the Shareholders of Afghanistan International Bank

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Afghanistan International Bank** ("the Bank") as at June 30, 2019 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and the notes to the condensed interim financial statements for the six months then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), Law of Banking in Afghanistan and the directives issued by the central bank of Afghanistan. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*." A review of interim financial statements 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 interim financial statements do not give a true and fair view of the financial position of the Bank as at June 30, 2019, and of its financial performance and its cash flows for the three months period then ended in accordance International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), Law of Banking in Afghanistan and the directives issued by the central bank of Afghanistan.

Other Matters

The condensed interim financial statements for the six months ended June 30, 2018 and the financial statements for the year ended December 31, 2018 were reviewed and audited, respectively, by another auditor who expressed an unmodified review conclusion on the condensed interim financial statements for the six months ended June 30, 2018 on August 8, 2018 and unmodified audit opinion on the financial statements for the year ended December 31, 2018 on March 16, 2019.

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Grant Thornton Afghanistan

Chartered Accountants

Engagement Partner: Saqib Rehman Qureshi

Location: Kabul, Afghanistan

Date: *Aug 06, 2019*



**Afghanistan International Bank – condensed interim financial statements and auditors’
review report**
For the 2nd quarter ended 31 June 2019

**AFGHANISTAN
INTERNATIONAL BANK**
**Condensed Interim Financial
Statements**

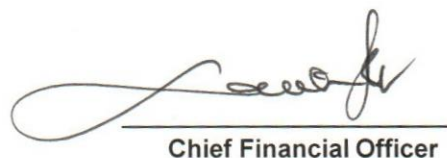
For the 2nd quarter ended 30 June 2019

AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		30 June 2019	31 December 2018
		(Un-audited)	(Audited)
	Notes	AFN '000'	AFN '000'
ASSETS			
Cash and balances with Da Afghanistan Bank	4	15,802,186	15,965,500
Balances with other banks	5	6,160,481	10,095,978
Placements - net	6	20,280,389	19,858,325
Investments - net	7	18,269,056	18,423,705
Loan and advances to customers - net	8	3,496,313	2,897,616
Receivables from financial institutions		130,978	360,120
Operating fixed assets	9	3,459,475	3,059,570
Intangible assets		401,275	394,538
Deferred tax assets		-	95,105
Other assets	10	654,173	572,867
Total assets		68,654,326	71,723,324
LIABILITIES			
Deposits from customers	11	63,847,729	67,383,947
Deposits from bank		500,000	-
Deferred tax liability		11,429	-
Deferred income		107,315	98,627
Lease liabilities		240,749	-
Other liabilities		245,060	655,593
Total liabilities		64,952,282	68,138,167
EQUITY			
Share capital	12	1,465,071	1,465,071
Capital reserves		260,405	260,405
Retained earnings		1,861,980	1,946,530
Revaluation loss on debt instruments at fair value through OCI income / surplus on revaluation of available for sale investments		114,588	(86,849)
Total equity		3,702,044	3,585,157
Total liabilities and equity		68,654,326	71,723,324
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 THE SIX MONTHS ENDED JUNE 30, 2019

	Note	Six months ended		Three months ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		AFN'000'		AFN'000'	
Interest income	14	726,499	591,685	378,990	275,488
Interest expense		(24,588)	(19,081)	(10,610)	(13,544)
Net interest income		701,911	572,604	368,380	261,944
Fee and commission income		477,636	396,867	248,588	192,700
Fee and commission expense		(5,595)	(17,698)	(5,357)	(11,501)
Net fee and commission income		472,042	379,169	243,231	181,199
Income from dealing in foreign currencies		121,383	93,143	78,610	33,691
		1,295,335	1,044,916	690,222	476,834
Other income		35,046	9,881	28,479	3,155
(Loss) / gain on sale of securities		(4,233)	(475)	411	-
Credit losses (expenses) / reversal	15	(163,361)	77,350	(79,533)	92,870
General and administrative expenses		(951,957)	(839,338)	(512,560)	(407,220)
PROFIT BEFORE INCOME TAX		210,829	292,334	127,018	165,639
Taxation - net	16	(30,380)	(6,910)	40,025	52,302
PROFIT FOR THE PERIOD		180,450	285,424	167,043	217,941
Other comprehensive income					
Items to be reclassified to profit & loss					
<u>Debt instruments at fair value through other comprehensive income:</u>					
Net losses on financial investments at fair value through other comprehensive income:					
Related deferred tax		251,796	(112,018)	207,537	(156,277)
		(50,359)	22,404	(36,707)	31,255
		201,437	(89,614)	170,830	(125,022)
Items not to be classified to profit & loss		-	-	-	-
Total comprehensive income for the period		381,886	195,810	337,873	92,919
Earnings per share		12.73	6.53	11.26	3.10

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
FOR THE SIX MONTHS ENDED JUNE 30, 2019

Description	Share capital	Revaluation gain / (loss) on debt instruments at fair value through OCI	Capital reserves	Retained earnings	Total
	----- AFN '000' -----				
Balance as at 01 January 2018 - (Audited)	1,465,071	3,548	236,497	2,145,383	3,850,499
Profit for the period - restated	-	-	-	285,424	285,424
Transferred to capital reserve	-	-	14,271	(14,271)	-
Total comprehensive income:					
Other comprehensive income for six months	-	(112,018)	-	-	(112,018)
Related tax	-	22,404	-	-	22,404
Total comprehensive income net of tax	-	(89,614)	14,271	271,153	195,810
Dividend paid				(420,000)	(420,000)
Balance as at 31 June 2018 - (Un-audited)	<u>1,465,071</u>	<u>(86,066)</u>	<u>250,768</u>	<u>1,996,536</u>	<u>3,626,309</u>
Balance as at 01 January 2019 - (Audited)	1,465,071	(86,849)	260,405	1,946,530	3,585,157
Profit for the period	-	-	-	180,450	180,450
Transferred to capital reserve	-	-	-	-	-
Total comprehensive income:					
Other comprehensive income for six months	-	251,796	-	-	251,796
Related tax	-	(50,359)	-	-	(50,359)
Total comprehensive income net of tax	-	201,437	-	180,450	381,887
Dividend paid				(265,000)	(265,000)
Balance as at 30 JUNE 2019 - (Un-audited)	<u>1,465,071</u>	<u>114,588</u>	<u>260,405</u>	<u>1,861,980</u>	<u>3,702,044</u>

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

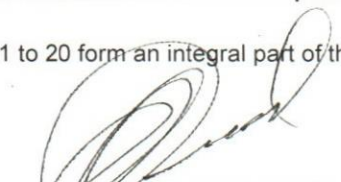

 Chief Executive Officer

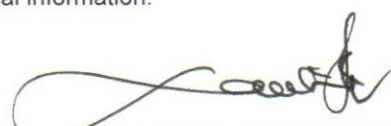

 Chief Financial Officer

AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Notes	30 June 2019 AFN '000'	30 June 2018 AFN '000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		180,450	285,424
Adjustments for:			
Provision / (reversal) against loans and advances	15	152,136	140,085
Depreciation	9.2	98,647	25,877
Amortization		33,178	39,511
Provision / (reversal) against placements	6.2	9,088	(84,433)
(Reversal) / provision on investments	7.1	(10,390)	(106,303)
(Reversal) / provision on other assets	10	(2,787)	(5,747)
Loss on sale of securities		4,233	-
Reversal of provision on:			
Guarantees		15,202	(18,613)
Commercial letters of credit		112	(2,339)
Net interest income		(701,911)	(572,603)
Income tax expense		-	6,910
		<u>(222,042)</u>	<u>(292,231)</u>
Changes in operating assets and liabilities			
Receivable from financial institutions		229,142	68,111
Required reserve maintained with DAB		215,355	(407,250)
Cash margin held with other banks		5,958	21,152
Loans and advances to customers - net		(750,833)	(423,320)
Other assets		(15,889)	(153,417)
Deferred income		8,688	30,053
Customers' deposits		(3,536,218)	7,492,101
Deposits from bank		500,000	(500,000)
Other liabilities		(410,533)	178,685
		<u>(3,976,372)</u>	<u>6,013,884</u>
Interest received		669,653	619,886
Interest paid		(24,588)	(19,081)
Income tax paid		(5,785)	(20,931)
Net cash (used in) / generated from operating activities		<u>(3,337,092)</u>	<u>6,593,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital work in progress	9.1.1	(217,910)	(287,395)
Acquisition of operating fixed assets	9.2	(7,462)	(67,580)
Acquisition of intangible assets		(39,915)	(12,575)
Placements (with maturity more than three months)		(4,739,212)	(8,031,404)
Proceeds from sale of securities		4,197	-
Investments		416,834	(2,235,230)
Net cash used in investing activities		<u>(4,583,468)</u>	<u>(10,634,184)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(265,000)	(420,000)
Net cash used in financing activities		<u>(265,000)</u>	<u>(420,000)</u>
Net increase in cash and cash equivalents		<u>(8,185,559)</u>	<u>(4,460,426)</u>
Cash and cash equivalents at the beginning of the period		34,537,650	25,567,848
Cash and cash equivalents at the end of the period	18	<u>26,352,091</u>	<u>21,107,422</u>

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


 Chief Executive Officer


 Chief Financial Officer

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AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

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 on 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's 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, Airport Road, Bibi Mahro, Kabul, Afghanistan.

The Bank is operating as one of the leading commercial banking service providers in Afghanistan and has 37 branches and 2 cash outlets (2019: 37 branches and 2 cash outlets).

2 BASIS OF PREPARATION AND MEASUREMENT

- 2.1 This condensed interim financial information of the Bank for the six months period ended 30 June 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting", issued by the International Accounting Standard Board (IASB) and directives issued by the Central Bank of Afghanistan (DAB). In case the requirements differs, the provisions of the law of Banking in Afghanistan and directives issued by DAB shall prevail.
- 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 2018.
- 2.3 Comparative condensed interim statement of financial position is extracted from the annual financial statements as at 31 December, 2018 whereas comparative condensed interim financial information (un audited) for statement of comprehensive income, statement of changes in equity and statement of cash flows have been taken from 01 January, 2018 till 30 June, 2018 which is not comparable with current period figures from 01 January, 2019 till 30 June, 2019.

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 2019 but are considered not relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim financial information. IFRS 16 "Leases", however became effective from 01 January 2019 and its impact is incorporated in these condensed interim financial statements.

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AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

At the date of adoption of IFRS 16 i.e. 1 January 2019, the bank has its assessment of the property leases which were carried out previously under IAS 17 or IFRIC 4. There were no finance leases previously and all property leases were treated as operating leases. The bank has adopted modified retrospective approach for adoption of IFRS 16 whereby right of use asset is recognized equivalent to the amount of lease liability recognized as of 1 January 2019. Lease liability has been further adjusted for the amount of prepaid lease as of 31 December 2018.

3 ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in preparation of this condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended 31 December 2018.
- 3.2 The estimates / judgments assumptions used in the preparation of this condensed interim financial statements is consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2018.
- 3.3 The financial risk management policies and procedures are the same as those disclosed in annual financial statements of the Bank for the year ended 31 December 2018.

		30 June 2019	31 December 2018
		(Un-audited)	(Audited)
	Notes	AFN '000'	AFN '000'
4 CASH AND BALANCES WITH DA AFGHANISTAN BANK			
Cash in hand		2,150,738	1,791,885
Cash in hand - Islamic banking division		137,898	115,728
Cash at Automated Teller Machines (ATMs)		957,837	725,223
		3,246,473	2,632,836
Balances with Da Afghanistan Bank:			
Local currency:			
- Deposit facility account	4.1	1,450,000	2,821,705
- Required reserve account	4.2	467,622	620,660
- Current accounts		616,507	1,221,241
		2,534,129	4,663,606
Foreign currency:			
- Required reserve account	4.2	5,706,062	5,768,379
- Current accounts		4,315,521	2,900,679
		10,021,583	8,669,058
		15,802,186	15,965,500

- 4.1 This represents interest bearing account carrying interest @ 0.08% (31 December 2018: 0.10%) per annum.
- 4.2 Required reserve account is being maintained with DAB which is denominated in both Afghani and foreign currencies 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.

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AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Note	30 June 2019 (Un-audited) AFN '000'	31 December 2018 (Audited) AFN '000'
		5 BALANCES WITH OTHER BANKS	
Outside Afghanistan:			
With Standard Chartered Bank	5.1	557,132.01	4,216,826
With Commerzbank, Germany:			
- in nostro accounts	5.2	-	149,930
- as cash margins held	5.3	19,375	18,074
		19,375	168,004
With Crown Agents Bank:			
- in nostro accounts		1,219,535	1,615,896
- as cash margins held		-	7,259
		1,219,535	1,623,155
With other banks	5.4	4,364,439	4,087,993
		6,160,481	10,095,978

- 5.1 These represent balances with Standard Chartered Bank Singapore, New York, Frankfurt, London and Dubai, held in USD, EURO, GBP and AED currencies carrying interest rates ranging from 0.05% to 0.80% (31 December 2018: 0.05% to 0.80% p.a.). These balances are available on demand without significant penalty upon withdrawal.
- 5.2 This represents interest bearing nostro accounts and carries interest @ LIBOR – 0.25% (31 December 2017: 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 @0.25% (31 December 2018: 0.25%) per annum.
- 5.4 This includes balances maintained with investment managers (Julius Baer, Emirates NBD) and other banks. These are non-interest bearing and available on demand.

	Notes	30 June 2019 (Un-audited) AFN '000'	31 December 2018 (Audited) AFN '000'
		6 PLACEMENTS - NET	
Short-term placements with banks	6.1	20,320,419	19,889,268
Allowance for ECL/impairment losses	6.2	(40,030)	(30,943)
		20,280,389	19,858,325
6.1 Maturity within 3 months		10,582,484	14,890,545
Maturity more than 3 months		9,737,935	4,998,723
		20,320,419	19,889,268

- 6.1.1 These represent fixed term placements with financial institutions outside Afghanistan up to a maximum period of one year carrying interest at rates ranging from 2% to 3.5% (31 December 2018: 0.75% to 2.10%) per annum.
- 6.2 This represents provision calculated under Asset Classification and Provisioning Regulation (ACPR) which is higher than provision of AFN 5,729 thousand (Dec 2018: 2,714 thousand) calculated under IFRS 9. Accordingly, the Bank has maintained higher provision as required under ACPR.

578

AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

		30 June 2019 (Un-audited) AFN '000'	31 December 2018 (Audited) AFN '000'
7	INVESTMENTS - NET		
	Debt instruments at FVTOCI	6,845,440	3,588,690
	Debt instruments at amortised cost:		
	- Capital notes with DAB	398,389	1,144,940
	- Treasury bills	-	2,685,978
	- Investment bonds	11,039,427	11,028,686
		<u>11,437,816</u>	<u>14,859,604</u>
		18,283,256	18,448,294
	Allowance for ECL/impairment losses	7.1 (14,200)	(24,589)
		<u>18,269,056</u>	<u>18,423,705</u>

- 7.1 The provision for expected credit losses on investments as per Assets Classification and Provisioning Regulations (ACPR) amounts to AFN 10,968 thousands (December 2018: 2,714 thousands), which is lower from the one resulting from IFRS 9. Accordingly, the Bank has maintained higher provision as required under IFRS 9.

		30 June 2019 (Un-audited) AFN '000'	31 December 2018 (Audited) AFN '000'
8	LOANS AND ADVANCES TO CUSTOMERS - NET		
	Overdrafts	3,230,597	2,433,694
	Term loans	590,023	633,716
	Consumer loans	47,356	49,734
		<u>3,867,976</u>	<u>3,117,144</u>
	General provision (Floating provision)	8.1 (161,460)	(150,620)
	Allowance for ECL/impairment losses	8.2 (210,203)	(68,908)
		<u>3,496,313</u>	<u>2,897,616</u>
	Particulars of advances (gross)		
	Short term (for up to one year)	3,461,201	2,222,954
	Non-current (for over one year)	406,775	894,190
		<u>3,867,976</u>	<u>3,117,144</u>

- 8.1 This represents additional general provision maintained by the bank of USD 2 million which is fully approved by DAB.
- 8.2 The table below shows the credit quality and the maximum exposure to credit risk for categories based on the Bank's credit rating grades and quarter end classification as at 30 June 2019 and year end classification as at 31 December, 2018 respectively.

AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

8.2.1 Provision against loans and advances

Loans and advances - gross	Stage 1 Collective AFN '000'	Stage 2 Collective AFN '000'	Stage 3 Collective AFN '000'	Total AFN '000'	31 December 2018
Internal Rating Grade					
Performing	2,436,665	1,144,137	-	3,580,802	3,106,215
Non-performing	-	-	287,173	287,173	10,929
Total	2,436,665	1,144,137	287,173	3,867,975	3,117,144
Impairment					
Opening balance	26,011	33,945	8,952	68,908	93,739
Allowance for impairment made during the period	(7,076)	(14,815)	120,229	98,338	(5,293)
Amount written off during the period	-	-	-	-	(15,490)
Exchange rate differences and other adjustments	(38)	(79)	642	525	(4,048)
Provision held for expected credit losses	18,897	19,051	129,823	167,771	68,908
General provision - note 8.1	-	-	-	161,460	150,620
Net Balance	2,417,768	1,125,086	157,350	3,538,744	2,897,616

8.2.2 Provision as per ACPR amounts to AFN 210,203 thousand which is higher than the ECL calculated under IFRS 9 amounts to AFN 167,771 thousand. Therefore impairment provision reflects provision under ACPR.

		30 June 2019 (Un-audited) AFN '000'	31 December 2018 (Audited) AFN '000'
9	OPERATING FIXED ASSETS	Notes	
	Capital work-in-progress	9.1	297,859
	Operating fixed assets	9.2	79,948
	- Owned		2,888,437
	- Leased (right of use assets)	9.3	273,179
			3,459,475
9.1	Capital work-in-progress		3,059,570
	Advances to suppliers and contractors	9.1.1	297,859
9.1.1	Movement in capital work-in-progress		
	Opening	79,949	2,264,025
	Additions during the period / year	217,910	579,423
	Transferred to property and equipment	-	(2,763,499)
	Closing	297,859	79,949

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AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	30 June 2019 (Un-audited) AFN '000'	31 December 2018 (Audited) AFN '000'
9.2 Operating fixed assets - movement		
Opening balance (Audited):		
Cost	3,578,233	804,019
Accumulated depreciation	(598,611)	(521,839)
Net book amount	<u>2,979,622</u>	<u>282,180</u>
Movement during the period / year:		
Transfers from CWIP	-	2,754,723
Additions	7,462	19,491
Depreciation charge	(98,647)	(76,772)
	<u>(91,185)</u>	<u>2,697,442</u>
Cost	3,585,695	3,578,233
Accumulated depreciation	(697,258)	(598,611)
Net book amount	<u>2,888,437</u>	<u>2,979,622</u>
9.3 Right-of-use assets		
Balance as of 01 January 2019 upto adoption of IRS 16	304,656	-
Depreciation expense for the period	(31,477)	-
As at 30 June 2019	<u>273,179</u>	<u>-</u>
10 OTHER ASSETS		
Advances to employees	32,582	37,851
Security deposits	9,290	8,805
Prepayments	169,690	153,237
Interest receivable	384,867	328,021
Advance income tax - net	29,577	23,792
Other receivable and advances	35,092	30,870
Receivable from DoJ	250,605	250,605
Less: Balance written off	(250,605)	(250,605)
	<u>661,096</u>	<u>582,576</u>
Allowance for ECL/impairment losses	(6,923)	(9,709)
	<u>654,173</u>	<u>572,867</u>
11 DEPOSITS FROM CUSTOMERS		
Current deposits	60,956,109	62,250,562
Saving deposits	11.1 226,738	224,981
Term deposits	11.2 565,110	3,012,400
Islamic deposits	11.3 1,184,433	881,714
Cash margin held against bank guarantees and letters of credit	915,339	1,014,290
	<u>63,847,729</u>	<u>67,383,947</u>

5078

AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

- 11.1 Saving deposits carry interest rate at 3% (31 December 2018: 3%) per annum.
- 11.2 Term deposits carry interest rates ranging from 0.25% to 0.75% (31 December 2018: 0.25% to 0.75%) per annum.

	30 June 2019 (Un-audited) AFN '000'	31 December 2018 (Audited) AFN '000'
11.3 Islamic deposits		
Current	71,631	121,803
Saving	1,055,012	733,066
Term	57,790	26,845
	<u>1,184,433</u>	<u>881,714</u>

12 SHARE CAPITAL

30,000,000 (2018: 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 (2018: 30,000,000) ordinary shares of
USD 1 each fully paid in cash

AFN	<u>1,465,071</u>	<u>1,465,071</u>
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Issued, subscribed and paid up capital comprises 46.25% holding by Horizon Associates LLC and 46.25% holding by Wilton Holding Limited and 7.5% by International Finance Corporation. (31 December 2018: 46.25% holding by Horizon Associates LLC 46.25% holdings by Wilton Holding Limited and 7.5% by International Finance Corporation).

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- 13.1.1 The Bank has court cases filed by various customers, the management is confident that outcome of such cases will not result in any additional provision in the books of the Bank.

	30 June 2019 (Un-audited) AFN '000'	31 December 2018 (Audited) AFN '000'

13.1.2 Guarantees

These represent bid bonds and performance based guarantees issued by the Bank.

<u>9,003,349</u>	<u>8,258,845</u>
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13.2 Commitments

- (a) Undrawn loan and overdraft facilities
(b) Commercial letters of credit

1,013,390	1,217,553
73,064	25,333
<u>1,086,454</u>	<u>1,242,886</u>

5/25

AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Six months ended		Three months ended	
	30 JUNE	30 JUNE	30 JUNE	30 JUNE
	2019	2018	2019	2018
	Un-audited		Un-audited	
AFN '000'		AFN '000'		
14 INTEREST INCOME				
Interest income on:				
Balances with DAB and other banks	5,437	10,224	2,450	4,155
Placements	276,175	160,514	144,112	63,271
Investments:				
Debt instruments at fair value through OCI	82,003	92,718	49,533	46,202
Debt instruments at amortised cost	162,179	108,451	80,660	53,872
Loans and advances to customers	200,706	219,779	102,236	107,989
	726,499	591,685	378,989	275,489

15 ALLOWANCES FOR ECL IMPAIRMENT LOSSE ON FINANCIAL ASSETS

The table below shows the ECL charges on financial instruments for the year recorded in the income statement:

	30 June 2019				31 December 2018	
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Regulatory		
	Un-audited					
	----- AFN'000' -----				Audited AFN'000'	
Placements	(318)	(2,698)	-	(6,072)	(9,088)	92,752
Investments	-	8,096	-	2,294	10,390	119,398
Loans and advances	7,114	14,894	(120,872)	(53,272)	(152,136)	(123,031)
Other assets	4	-	-	2,783	2,787	(4,159)
Financial guarantees	(16,849)	-	-	1,647	(15,202)	5,731
Letter of credit	(17)	-	-	(95)	(112)	2,163
Total (impairment) / reversal	(10,066)	20,293	(120,872)	(52,716)	(163,361)	92,854

	Six months ended		Three months ended	
	30 JUNE	30 JUNE	30 JUNE	30 JUNE
	2019	2018	2019	2018
	Un-audited		Un-audited	
AFN '000'		AFN '000'		
16 TAXATION - NET				
Current	-	-	-	(19,111)
Prior year	(25,794)	-	(25,794)	-
Deferred	56,174	6,910	(14,231)	(40,101)
	30,380	6,910	(40,025)	(59,212)

AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

17 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)		Shareholders and its associated companies	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	Un-audited	Audited	Un-audited	Audited
	AFN '000	AFN '000	AFN '000	AFN '000
(a) Loans and advances to related parties				
Loans outstanding at the beginning of the	-	-	173,819	155,515
Loans issued during the period / year	-	-	173,771	153,216
Loans repayments during the period / year	-	-	(172,207)	(153,306)
Exchange rate difference	-	-	-	(193)
Loans outstanding at the end of the period /	-	-	175,383	155,232
Interest income earned	-	-	5,501	14,812

During the period, an amount of AFN 210,716 thousands (31 December 2018: 477,383 thousands) was paid to MADCC (related party) on account for the construction of head office building.

Provision on outstanding balances of loans and advances to related parties amounts to AFN 1,753 (31 December 2018: AFN 1,364 thousands).

The facilities provided to related parties carry mark-up at interest rates of 7% (31 December 2018: 7%) per annum payable on monthly basis and are secured against mortgage of residential property.

Nature of transactions	Directors and other key management personnel (and close family)		Shareholders and its associated companies	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	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	18,901	49,267	50,389	104,110
Deposits received during the period / year	323,954	464,349	1,006,251	3,008,059
Deposits repaid during the period / year	(236,822)	(498,441)	(1,030,606)	(2,751,110)
Exchange rate difference	5,007	3,202	2,375	20,815
Deposits at the end of the period / year	111,040	18,377	28,409	381,874

AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

Nature of transactions	Directors and other key management personnel (and close family)		Shareholders and its associated companies	
	30 June 2018	31 December 2018	30 June 2018	31 December 2018
	Un-audited AFN '000	Audited AFN '000	Un-audited AFN '000	Audited AFN '000
(c) Other related party transactions				
Fee and commission income		-	3,673	22,990
Directors fee	-	14,775	-	-
Rental expenses	-	-	24,447	52,989
Other expenses	-	9,055	-	-
Capital work in progress			210,716	446,356
Commercial letter of credits	-	-	-	87,651
			30 June 2019	30 JUNE 2018
			Un-audited AFN '000'	Un-audited AFN '000'
(d) Key management compensation			58,699	53,659
Salaries and other short-term benefits			58,699	53,659

Key management personnel of the Bank include the Chief Executive Officer, Chief Financial Officer, Chief

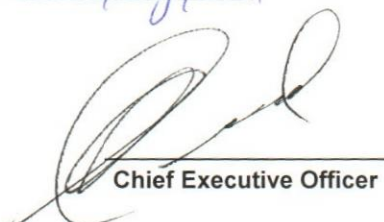
18 CASH AND CASH EQUIVALENTS	30 JUNE 2019	30 JUNE 2018
	Un-audited AFN '000'	Un-audited AFN '000'
	Cash in hand and at ATM	3,246,473
Balances with DAB - (other than minimum reserve requirement)	6,382,028	7,096,002
Balances with other banks - (other than held as a cash margin)	6,141,106	7,933,609
Placements - (with maturity less than three months)	10,582,484	6,676,946
	26,352,091	24,279,243

19 GENERAL

19.1 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 06/Aug/2019


 Chief Executive Officer


 Chief Financial Officer