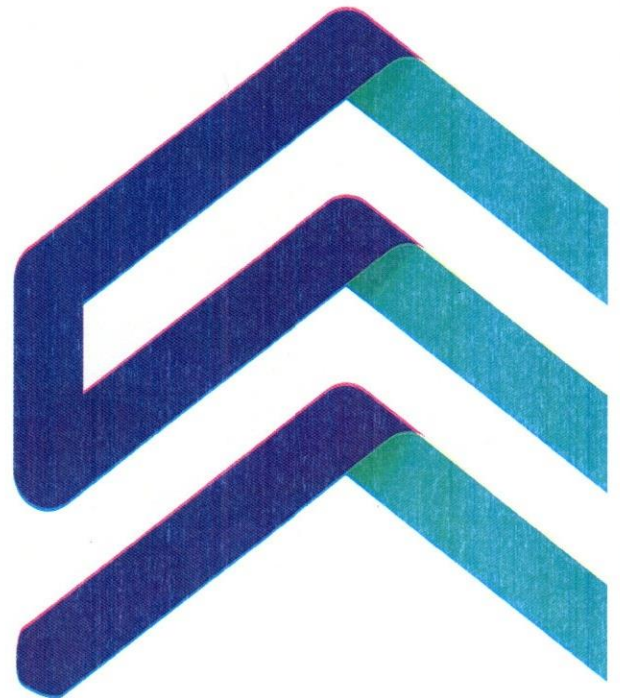


Afghanistan International Bank – condensed interim financial statements and auditors’ review report

For the 3rd quarter ended 30 September 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 September 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 nine 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.

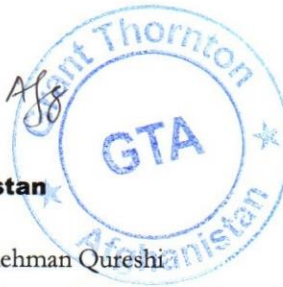
Conclusion

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 September 30, 2019, and of its financial performance and its cash flows for the nine 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 nine months ended September 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 nine months ended September 30, 2018 on November 10, 2018 and unmodified audit opinion on the financial statements for the year ended December 31, 2018 on March 16, 2019.

Grant Thornton



Grant Thornton Afghanistan
Chartered Accountants
Engagement Partner: Saqib Rehman Qureshi
Location: Kabul, Afghanistan
Date: *12-November-2019*

**AFGHANISTAN
INTERNATIONAL BANK**
Condensed Interim Financial
Statements

For the 3rd quarter ended 30 September 2019

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

		30 September 2019 (Un-audited) AFN '000'	31 December 2018 (Audited) AFN '000'
	Notes		
ASSETS			
Cash and balances with Da Afghanistan Bank	5	14,701,102	15,965,500
Balances with other banks	6	8,766,918	10,095,978
Placements - net	7	15,261,560	19,858,325
Investments - net	8	18,866,311	18,423,705
Loans and advances to customers - net	9	3,609,495	2,897,616
Receivables from financial institutions		537,140	360,120
Operating fixed assets	10	3,422,882	3,059,570
Intangible assets		437,975	394,538
Deferred tax assets		-	95,105
Other assets	11	701,237	572,867
Total assets		66,304,620	71,723,324
LIABILITIES			
Deposits from customers	12	61,348,356	67,383,947
Deposits from bank		500,000	-
Deferred tax liability		15,480	-
Deferred income		92,619	98,627
Lease liabilities		248,432	-
Other liabilities		197,776	655,593
Total liabilities		62,402,663	68,138,167
EQUITY			
Share capital	13	1,465,071	1,465,071
Capital reserves		260,405	260,405
Retained earnings		2,052,171	1,946,530
Gain / (loss) on instruments at fair value through OCI			
revaluation income / (loss) on available for sale instruments		124,310	(86,849)
Total equity		3,901,957	3,585,157
Total liabilities and equity		66,304,620	71,723,324
Contingencies and commitments	14		

The annexed notes 1 to 21 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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	Notes	Nine months ended		Three months ended	
		30	30	30	30
		September 2019	September 2018	September 2019	September 2018
		AFN'000'		AFN'000'	
Interest income	15	1,053,690	928,087	327,190	611,890
Interest expense		(31,004)	(33,280)	(6,416)	(27,743)
Net interest income		1,022,685	894,807	320,774	584,147
Fee and commission income		731,690	635,602	254,054	431,435
Fee and commission expense		(7,842)	(18,916)	(2,247)	(12,719)
Net fee and commission income		723,848	616,686	251,807	418,716
Income from dealing in foreign currencies		198,893	161,053	77,510	101,601
		1,945,426	1,672,546	650,092	1,104,464
Other income		47,212	26,233	12,166	19,507
Gain / (loss) on sale of securities		79,582	(476)	83,815	(1)
Credit losses (expenses) / reversal	16	(200,135)	26,778	(36,774)	92,870
Finance cost on lease liability		(6,694)	-	(2,001)	-
General and administrative expenses		(1,462,750)	(1,268,790)	(510,793)	(407,220)
PROFIT BEFORE INCOME TAX		402,641	456,291	196,505	809,620
Taxation - net	17	(32,000)	(44,390)	(1,620)	14,822
PROFIT FOR THE PERIOD		370,641	411,901	194,885	824,442
Other comprehensive income					
Items to be reclassified to profit & loss					
<u>Debt instruments at fair value through other comprehensive income:</u>					
Net gain / (loss) on financial investments at fair value through other comprehensive income:					
Related deferred tax		263,949	(138,421)	12,153	(182,680)
		(52,790)	27,684	(2,431)	36,535
		211,159	(110,737)	9,722	(146,145)
Items not to be classified to profit & loss		-	-	-	-
Total comprehensive income for the period		581,800	301,164	204,607	678,297
Earnings per share		19.39	10.04	6.82	22.61

The annexed notes 1 to 21 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 NINE MONTHS ENDED SEPTEMBER 30, 2019

Description	Gain / (loss) on instruments at fair value through OCI				Total
	Share capital	Capital reserves	Retained earnings		
	----- AFN '000' -----				
Balance as at 01 Jan 2018 - (Audited)	1,465,071	3,548	236,497	2,145,383	3,850,499
Profit for the period - restated	-	-	-	411,901	411,901
Transferred to capital reserve	-	-	14,271	(14,271)	-
Total comprehensive income:					
Other comprehensive income for nine months	-	(138,421)	-	-	(138,421)
Related tax	-	27,684	-	-	27,684
Total comprehensive income net of tax	-	(110,737)	14,271	397,630	301,164
Dividend paid				(420,000)	(420,000)
Balance as at 30 Sep 2018 - (Un-audited)	<u>1,465,071</u>	<u>(107,189)</u>	<u>250,768</u>	<u>2,123,013</u>	<u>3,731,663</u>
Balance as at 01 Jan 2019 - (Audited)	1,465,071	(86,849)	260,405	1,946,530	3,585,157
Profit for the period	-	-	-	370,641	370,641
Total comprehensive income:					
Other comprehensive income for nine months	-	263,949	-	-	263,949
Related tax	-	(52,790)	-	-	(52,790)
Total comprehensive income net of tax	-	211,159	-	370,641	581,800
Dividend paid				(265,000)	(265,000)
Balance as at 30 Sep 2019 - (Un-audited)	<u>1,465,071</u>	<u>124,310</u>	<u>260,405</u>	<u>2,052,171</u>	<u>3,901,957</u>

The annexed notes 1 to 21 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 NINE MONTHS ENDED SEPTEMBER 30, 2019

		30 September 2019	30 September 2018
	Notes	AFN '000'	AFN '000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		370,641	411,901
Adjustments for:			
Provision against loans and advances	16	189,449	172,867
Depreciation on operating fixed assets and right of use of assets	10.2	195,718	32,039
Amortization		55,306	60,864
Finance cost on lease		6,694	-
Provision / (reversal) against placements	16	11,734	(85,394)
Reversal of provision on investments	16	(11,313)	(96,162)
Reversal of provision on other assets	16	(2,786)	-
Gain on sale of securities		(79,582)	-
Provision / (reversal) on guarantees		7,150	(10,753)
Reversal on other assets		-	(4,408)
Reversal on commercial letters of credit		-	(2,928)
Net interest income	15	(1,053,690)	(894,807)
Income tax expense		31,004	44,390
		<u>(279,675)</u>	<u>(372,392)</u>
Changes in operating assets and liabilities			
Receivable from financial institutions		(177,020)	263,617
Required reserve maintained with DAB		406,399	(780,205)
Cash margin held with other banks		3,532	12,813
Loans and advances to customers		(901,328)	(544,785)
Other assets		14,542	(110,085)
Deferred income		(6,008)	47,434
Deposits from customers		(6,035,591)	10,688,264
Deposits from bank		500,000	(500,000)
Other liabilities		(457,817)	82,133
		<u>(6,932,966)</u>	<u>8,786,794</u>
Interest received		919,724	839,823
Interest paid		(31,004)	(33,280)
Income tax paid		(6,160)	(31,462)
Net cash (used in) / generated from operating activities		<u>(6,050,406)</u>	<u>9,561,875</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital work in progress	10.1.1	(207,589)	(478,353)
Acquisition of operating fixed assets	10.2	(35,123)	(71,817)
Acquisition of intangible assets		(98,743)	(22,607)
Placements (with maturity more than three months)		(537,279)	(486,240)
Proceeds from sale of securities		126,126	-
Investments		(167,344)	(3,721,332)
Net cash used in investing activities		<u>(919,952)</u>	<u>(4,780,349)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(265,000)	(420,000)
Payment of lease liability		(70,479)	-
Net cash used in financing activities		<u>(335,479)</u>	<u>(420,000)</u>
Net increase in cash and cash equivalents		<u>(7,305,837)</u>	<u>4,361,526</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	19	<u>27,231,813</u>	<u>29,929,374</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


 Chief Executive Officer


 Chief Financial Officer

AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 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 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'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 has been operating as one of the leading commercial banking service providers in Afghanistan. The Bank has 35 branches and 2 cash outlets (2019: 37 branches and 2 cash outlets).

2 STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information of the Bank for the nine months period ended 30 September 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 31 December, 2017 till 30 September 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 to be relevant or do not have any significant effect on the Bank's operations except for IFRS 16 'Leases' and therefore not detailed in this condensed interim financial information. IFRS 16 "Leases" became effective from 01 January 2019, its impact has been incorporated in these condensed interim financial statements.

At the date of adoption of IFRS 16 i.e. 1 January 2019, the bank has 'grand fathered' 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 retrospicive 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 BASIS OF PREPARATION AND MEASUREMENT

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

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

- 3.2 The judgement, estimates and assumptions applied in the interim financial statements, including key sources of estimation uncertainty, were the same as those applied in the Bank's last annual financial statements for the year ended 31 December 2018 except for newly applied IFRSs.

4 ACCOUNTING POLICIES

- 4.1 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, except for newly applied IFRSs.
- 4.2 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, except for newly applied IFRSs.
- 4.3 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 September 2019	31 December 2018
		(Un-audited)	(Audited)
	Notes	AFN '000'	AFN '000'
5 CASH AND BALANCES WITH DA AFGHANISTAN BANK			
Cash in hand		1,789,444	1,791,885
Cash in hand - Islamic banking division		140,191	115,728
Cash at Automated Teller Machines (ATMs)		690,907	725,223
		2,620,542	2,632,836
Balances with Da Afghanistan Bank:			
Local currency:			
- Deposit facility account	5.1	-	2,821,705
- Required reserve account	5.2	459,665	620,660
- Current accounts		3,089,645	1,221,241
		3,549,310	4,663,606
Foreign currency:			
- Required reserve account	5.2	5,522,975	5,768,379
- Current accounts		3,008,274	2,900,679
		8,531,249	8,669,058
		14,701,102	15,965,500

- 5.1 This represents interest bearing account carrying interest @ 0.08% (31 December 2018: 0.10%) per annum.
- 5.2 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 NINE MONTHS ENDED SEPTEMBER 30, 2019

		30 September 2019	31 December 2018
		(Un-audited)	(Audited)
	Notes	AFN '000'	AFN '000'
6	BALANCES WITH OTHER BANKS		
	Outside Afghanistan:		
	With Standard Chartered Bank	6.1 89,962	4,216,826
	With Commerzbank, Germany:		
	- in nostro accounts	6.2 158,360	149,930
	- as cash margins held	6.3 21,801	18,074
		180,161	168,004
	With Crown Agents Bank - interest free:		
	- in nostro accounts	3,482,577	1,615,896
	- as cash margins held	-	7,259
		3,482,577	1,623,155
	With other banks	6.4 5,014,218	4,087,993
		8,766,918	10,095,978

- 6.1 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.
- 6.2 This represents interest bearing nostro accounts and carries interest @ LIBOR – 0.25% (31 December 2018: LIBOR – 0.25%) per annum.
- 6.3 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.
- 6.4 This includes balances maintained with investment managers (Julius Baer, Emirates NBD) and with other banks. These are non-interest bearing and available on demand.

		30 September 2019	31 December 2018
		(Un-audited)	(Audited)
	Notes	AFN '000'	AFN '000'
7	PLACEMENTS - NET		
	Short-term placements with banks	7.1 15,304,237	19,889,268
	Allowance for ECL/impairment losses	7.2 (42,677)	(30,943)
		15,261,560	19,858,325
7.1	Maturity within 3 months	9,768,235	14,890,545
	Maturity more than 3 months	5,536,002	4,998,723
		15,304,237	19,889,268

- 7.1.1 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.
- 7.2 This represents provision calculated under Asset Classification and Provisioning Regulation (ACPR) which is higher than provision of AFN 3,346 thousand (Dec 2018: 2,714 thousand) calculated under IFRS 9. Accordingly, the Bank has maintained higher provision as required under ACPR.

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

		30 September 2019	31 December 2018
		(Un-audited)	(Audited)
	Notes	AFN '000'	AFN '000'
8 INVESTMENTS - NET			
Debt instruments at fair value through OCI		8,434,359	3,588,690
Debt instruments at amortised cost:			
- Capital notes with DAB		-	1,144,940
- Treasury bills		781,157	2,685,978
- Investment bonds		9,664,071	11,028,686
		<u>10,445,228</u>	<u>14,859,604</u>
		18,879,587	18,448,294
Allowance for ECL/impairment losses	8.1	(13,276)	(24,589)
		<u>18,866,311</u>	<u>18,423,705</u>

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

		30 September 2019	31 December 2018
		(Un-audited)	(Audited)
	Notes	AFN '000'	AFN '000'
9 LOANS AND ADVANCES TO CUSTOMERS - NET			
Overdrafts		3,394,957	2,433,694
Term loans		576,736	633,716
Consumer loans		49,354	49,734
		<u>4,021,047</u>	<u>3,117,144</u>
General provision (Floating provision)	9.1	(156,520)	(150,620)
Allowance for ECL/impairment losses	9.2	(255,032)	(68,908)
		<u>3,609,495</u>	<u>2,897,616</u>
Particulars of advances (gross)			
Short term (for up to one year)		3,494,170	2,222,954
Non-current (for over one year)		526,877	894,190
		<u>4,021,047</u>	<u>3,117,144</u>

- 9.1 This represents additional general provision of USD 2 million maintained by the bank which is fully approved by DAB.
- 9.2 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 period end classification as at 30 September 2019 and year end classification as at 31 December 2018 respectively.

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

9.2.1 Provision against loans and advances

Loans and advances - gross	Stage 1	Stage 2	Stage 3	30 September		31 December	
	Collective AFN '000'	Collective AFN '000'	Collective AFN '000'	2019	AFN	2018	AFN
Internal Rating Grade							
Performing	2,214,734	1,568,260	-	3,782,994		3,106,215	
Non-performing	-	-	238,051	238,051		10,929	
Total	2,214,734	1,568,260	238,051	4,021,046		3,117,144	
Impairment							
Opening balance	26,011	33,945	8,952	68,908		93,739	
Allowance for impairment made during the period	(6,418)	(5,585)	110,944	98,942		(5,293)	
Amount written off during the period	-	-	(12,101)	(12,101)		(15,490)	
Exchange rate differences and other adjustments	(52)	(85)	450	313		(4,048)	
Provision held for expected credit losses	19,541	28,275	108,245	156,062		68,908	
General provision - note 8.1	-	-	-	156,520		150,620	
Net Balance	2,195,193	1,539,985	129,806	3,708,464		2,897,616	

9.2.2 Provision as per ACPR amounts to AFN 255.032 thousand which is higher than the ECL calculated under IFRS 9 amounts to AFN 156.520 thousand. Therefore impairment provision reflects provision under ACPR.

10 OPERATING FIXED ASSETS	Notes	30 September	31 December
		2019	2018
		(Un-audited) AFN '000'	(Audited) AFN '000'
Capital work-in-progress	10.1	287,538	79,948
Operating fixed assets			
- Owned	10.2	2,864,194	2,979,622
- Leased (right of use assets) - building	10.3	271,150	-
		3,422,882	3,059,570
10.1 Capital work-in-progress			
Advances to suppliers and contractors	10.1.1	287,538	79,949
10.1.1 Movement in capital work-in-progress			
Opening		79,949	2,264,025
Additions during the period / year		207,589	579,423
Transferred to property and equipment		-	(2,763,499)
Closing		287,538	79,949

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

	30 September 2019	31 December 2018
	(Un-audited)	(Audited)
	AFN '000'	AFN '000'
10.2 Operating fixed assets - movement		
Opening balance (Audited):		
Cost	3,578,233	804,019
Accumulated depreciation	(598,611)	(521,839)
Net book amount	2,979,622	282,180
Movement during the period / year:		
Transfers from CWIP	-	2,754,723
Additions	35,123	19,491
Depreciation charge	(150,551)	(76,772)
	(115,428)	2,697,442
Cost	3,613,356	3,578,233
Accumulated depreciation	(749,162)	(598,611)
Net book amount	2,864,194	2,979,622
10.3 Right-of-use assets - building		
Balance as of 01 January 2019 upto adoption of IRS 16	316,317	-
Depreciation expense for the period	(45,167)	-
As at 30 September 2019	271,150	-
11 OTHER ASSETS		
Advances to employees	43,002	37,851
Security deposits	8,783	8,805
Prepayments	157,226	153,237
Interest receivable	461,987	328,021
Advance income tax - net	29,952	23,792
Other receivable and advances	7,210	30,870
Receivable from DoJ	250,605	250,605
Less: Balance written off	(250,605)	(250,605)
	708,160	582,576
Allowance for ECL/impairment losses	(6,923)	(9,709)
	701,237	572,867
12 DEPOSITS FROM CUSTOMERS		
Current deposits	58,930,446	62,250,562
Saving deposits	12.1 224,601	224,981
Term deposits	12.2 -	3,012,400
Islamic deposits	12.3 1,160,743	881,714
Cash margin held against bank guarantees and letters of credit	1,032,566	1,014,290
	61,348,356	67,383,947

12.1 Saving deposits carry interest rate at 3% (31 December 2018: 3%) per annum.

12.2 Term deposits carry interest rates ranging from 0.25% to 0.75% (31 December 2018: 0.25% to 0.75%) per annum.

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		30 September 2019	31 December 2018
		(Un-audited)	(Audited)
		AFN '000'	AFN '000'
12.3	Islamic deposits		
	Current	162,142	121,803
	Saving	950,026	733,066
	Term	48,574	26,845
		<u>1,160,743</u>	<u>881,714</u>
13	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>
	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).		
14	CONTINGENCIES AND COMMITMENTS		
14.1	Contingencies		
14.1.1	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 September 2019	31 December 2018
		(Un-audited)	(Audited)
		AFN '000'	AFN '000'
	Guarantees		
	These represent bid bonds and performance based guarantees issued by the Bank.	<u>9,004,284</u>	<u>8,258,845</u>
14.2	Commitments		
(a)	Undrawn loan and overdraft facilities	501,067	1,217,553
(b)	Commercial letters of credit	41,122	25,333
		<u>542,189</u>	<u>1,242,886</u>

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Nine months ended		Three months ended	
30 September 2019	30 September 2018	30 September 2019	30 September 2018
Un-audited		Un-audited	
AFN '000'		AFN '000'	

15 INTEREST INCOME

Interest income on:				
Balances with DAB and other banks	12,903	13,031	9,916	6,962
Placements	399,364	285,803	267,301	188,560
Investments in debt instruments:				
at fair value through OCI	138,227	130,567	105,757	84,051
at amortised cost	213,437	179,736	131,918	125,157
Loans and advances to customers	289,759	318,950	191,289	207,160
	1,053,690	928,086	706,179	611,890

16 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 September 2019					30 September 2018
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Regulatory	Total	Audited
	Un-audited					Audited
	----- AFN'000' -----					AFN'000'
Placements	366	(998)	-	(11,102)	(11,734)	85,394
Investments	0	5,788	-	5,525	11,313	96,162
Loans and advances	6,470	5,670	(99,293)	(102,296)	(189,449)	(172,867)
General provision	-	-	-	(5,901)	(5,901)	-
Other assets	2	0	-	2,784	2,786	4,408
LGs / LCs	18,103	(3,653)	-	(21,600)	(7,150)	13,681
Total (impairment) / reversal	24,941	6,807	(99,293)	(132,590)	(200,135)	26,778

Nine months ended		Three months ended	
30 September 2019	30 September 2018	30 September 2019	30 September 2018
Un-audited		Un-audited	
AFN '000'		AFN '000'	

17 TAXATION - NET

Current	-	-	-	(19,111)
Prior year	(25,794)	-	(25,794)	-
Deferred	57,794	44,390	(12,611)	(40,101)
	32,000	44,390	(38,405)	(59,212)

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18 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 2019	31 December 2018	30 September 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 period /	-	-	173,819	155,515
Loans issued during the period / year	-	-	170,030	153,216
Loans repayments during the period / year	-	-	(170,789)	(153,306)
Exchange rate difference	-	-	-	(193)
	-	-	173,060	155,232
Interest income earned	-	-	8,542	14,812

During the period, an amount of AFN 235,128 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 1,730 (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 members)		Shareholders and its associated companies	
	30 September 2019	31 December 2018	30 September 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	50,348	104,110
Deposits received during the period / year	369,004	464,349	1,478,023	3,008,059
Deposits repaid during the period / year	(367,291)	(498,441)	(1,514,118)	(2,751,110)
Exchange rate difference	526	3,202	1,568	20,815
Deposits at the end of the period / year	21,140	18,377	15,821	381,874
(c) Other related party transactions				
Fee and commission income		-	5,076	22,990
Directors fee	13,735	14,775	-	-
Rental expenses	-	-	42,860	52,989
Other expenses	5,632	9,055	-	-
Capital work in progress			235,128	446,356
Commercial LCs	-	-	-	87,651

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	30 September 2019	30 Septemehr 2018
	Un-audited AFN '000'	Un-audited AFN '000'
(d) Key management compensation		
Salaries and other short-term benefits	89,260	81,614
	89,260	81,614

Key management personnel of the Bank include the BOS, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Head of Banking and Chief Risk Officer.

	30 September 2019	30 Septemehr 2018
	Un-audited AFN '000'	Un-audited AFN '000'
19 CASH AND CASH EQUIVALENTS		
Cash in hand and at ATM	2,620,542	2,148,565
Balances with DAB - (other than minimum reserve requirement)	6,097,919	5,554,580
Balances with other banks - (other than held as a cash margin)	8,745,117	9,296,080
Placements - (with maturity less than three months)	9,768,235	12,930,150
	27,231,813	29,929,375

20 GENERAL

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

21 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